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Wednesday December 20 1989

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### World News **Bush faces**

### congressional pay £150m row over China policy

President George Bush's policy of keeping open high-level contacts with the Chinese leadership has come under renewed fire from congressional leaders and a former US ambassador to Peking. Page 16

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Moscow ruling

The Soviet Union effectively laid down seven preconditions for closer co-operation and possible union between the two Germanys, including the neu-trality and demilitarisation of any unified German state.

Mandela in talks Nelson Mandela, jailed leader of the ANC, has held talks with black political leaders in prepa-

ration for negotiations with Pretoria over the country's Lithuania party plans Algirdas Brazauskas, Commu-nist party leader in Lithuania, formally proposed that his party break away from the Soviet Communist Party.

Samey offers to quit President José Sarney of Brazil has said he would offer no resistance if his successor, Fernando Collor de Mello, insisted on taking office before the official inauguration date.

Sweden faces row Western diplomats predict that another arms row could be about to erupt between Sweden and India, following reports that Tamil separatist rebels are using a Swedish-made anti-tank gun in Sri Lanka.

**Martial law lifted** The new Jordanian Government plans to lift the martial law which has existed for 22years. Page 4

Serbia rejects plan · Yugoslavia's efforts to emerge from economic crisis received a blow when Serbia, the largest republic, rejected an emer-

by the federal government. Egypt's nuclear plea Egyptian energy officials called for greater use of nuclear power as the cleanest energy source and urged rich nations

Third World. Fish get protection EC fisheries ministers agreed to protect stocks of cod and klock by cutting catches in the coming year.

Mozambique to vote Mozembican President Joequim Chissano announced general elections for 1991 but hinted they would be single

Libya changes mind Libya has decided to attend this week's meeting of Arab and EC foreign ministers in Paris, which it earlier denounced as a plot to drive a wedge between itself and the rest of the Arab world.

Chinese imposters A ship chartered by China will take home on Thursday 301 Chinese nationals who arrived in Japan posing as Vietnamese. refugee boat people, a Foreign Ministry spokesman said.

US mid-air crash The US Air Force said it had temporarily suspended air combat training flights in West Germany after a mid-air crash killed one pilot and showered debris over a town.

Flu kills 100 An influenza epidemic killed more than 100 people in Britain in the first week of December,

MARKETS

STERLING.

New York iu \$1.60

GOLD .

\$1.6005 (1.603)

DM2.78 (2.7675)

FFr9.50 (9.4525)

£416.1 (same)

\$414.25 (409.25)

Brent 15-day \$17.02 (+0.02)

Chief price changes yesterday: Page 17

N SEA CIL (Argus)

SFr2.4975 (2.4825)

Y230.25 (231) £ index 86.6 (86.5)

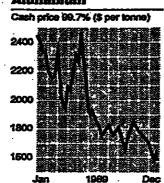
according to official figures.

### Business Summary

### **Britain will** to Clowes investors

The UK Covernment announced a £150m (\$236.85m) payout to the investors in the collapsed investment group Barlow Clowes, marking an unprecedented official bail-out for the 18,000 investors caught up in the affair. Page 16 ALUMINIUM prices on the London Metal Exchange con-

tinued to retreat with cash metal shedding \$27 to \$1,587 Aluminium



1989 Jan a tonne, the lowest closing price since the 99.7 per cent cash price came on the board

in August 1987. Page 24 FERRANTI International Sigmal, troubled UK defence elec-tronics group, believes it is unlikely any company will bid for it by the deadline of Febru-ary 5 that it has set for offers. Page 17

TRADE: The green light was given for negotiations to start next year aimed at allowing goods, services, labour and capital to flow freely between the 19 countries of the EC and the European Free Trade Association. Page 16

SWAN Hunter Shipbuilders, UK Tyneside yard, has won its way back into the Govern-ment's warship construction programme by clinching a hatch order worth more than £300m (\$480m) for three Type 23 anti-submarine frigates.

NFC, transport, distribution and travel group, announced a 34 per cent advance to pretax profits of £90.2m (\$144.5m) Page 18

LLOYD'S OF LONDON members started the largest single legal action brought by such a group over the loss of 2304m (\$487.3m) by the underwriter R.H.M. Onthwaite. Page 8

ALAN BOND, besieged Australian entrepreneur, said that he would soon proceed with the long-awaited deal for Bond Corporation Holdings to sell its beer interests to Lion Nathan, New Zealand brewer. Page 18

BRITISH LAND, property com-pany, suffered another blow to its chances of winning approval from shareholders for its controversial restructuring plan as one of the two largest shareholders in the company decided to vote its 7.37 per cent stake against the scheme. Page 17

READER'S Digest Association. publisher of the world's most widely read magazine, is to raise up to \$550m through an initial public offering of 21.2 per cent of its total common stock\_Page 18

IMF is expected to release \$264m early next year to help finance the Philippines' debt buy-back programme, senior Finance Department officials said. Page 4

ARITIBI-PRICE, pulp and paper group 80 per cent con-trolled by the Reichmann fam-ily of Toronto, is halving its quarterly dividend to 12.5 cents a share. Page 18

BANK of Tokyo is extending its London-based fund manage ment activities by buying out its joint venture with Touche Remnant, UK fund manage-ment firm. Page 21

STOCK INDICES

2,342.1 (-16.4)

1,852.5 (-12.0)

1,168.64 (-0.8%)

FT-A All-Shares

New York lunch

2,702.43 (+4.90)

341.92 (-1.77)

38,439.10 (-147.08)

LONDON MONEY

3-month interbank: closing 15½% (same Liffe long gilt future:

Mar 921/4 (921/2)

DJ ind. Av.

S&P Comp

FT Ordinary:

FT-SE 100:

# Soviets join West to condemn Ceausescu

By Judy Dempsey in Budapest, David Buchan in Brussels and Peter Riddell in Washington

THE SOVIET UNION and the Western allies united yesterday to condemn President Nicolae Ceausescu's regime in Romania as the death toll in last weekend's military crackdown in the city of Timisoara appeared to be

Large parts of Romania were last night said to be virtually under martial law, although reports on the situation in the country, which has in effect sealed its borders with the outside world, remained sketchy.

However, the Soviet and Yugoslav media reported that tension was high in Bucharest, the Romanian capital, with institutions and factories under heavy goard and soldiers patrolling the streets with automatic weapons. Travellers arriving in neighbouring Yugoslavia and Hungary reported see-ing military activity across the country and Bucharest airport ringed with

tanks. Hungarian radio also reported yesterday that clashes were continuing in Timisoara.

Mr Eduard Shevardnadze, the Soviet Foreign Minister, said in Brussels that he had received "preliminary information about some unpleasant things that he was here a here a that here." things that have happened there.

Answering questions on a visit to Nato headquarters, he said: "I can only say that, if indeed some loss of life has occurred, I can only express my profound regret."

In Washington, Mr Marlin Fitzwater, President Bush's spokesman, described the crackdown on political demonstrators as "totally unjustified."

In London, Mr William Waldegrave, a Foreign Office minister, urged Romanian state employees to over-throw the Communist Government for their own safety.

"The right thing for them to do from their own safety point of view is to represent the true will of the Romanian people and put an end to this regime," he said.

The main source of news about the events in Timisoara on Sunday remains the reports of witnesses who have arrived in neighbouring Hun-

gary and Yugoslavia.
Hungarian radio, another source, quoted a young Hungarian with relatives working as doctors in Timisoara as saying 250 people died in one hospital alone, and estimating the final toll at 300-400 at 300-400.
"Hundreds are lying in the hospi-

wounds, contusions, others crushed by tanks," he said. A lorry driver who had crossed the border into Yugoslavia said: "It was just horrible. I saw people being

tals with terrible injuries, bullet

Unconfirmed reports say the demonstrators, who swelled in number from 300 to many thousands in the

early hours of Sunday morning, marched on the city's Party headquar-ters and tried to burn them down. They also overturned cars and set them alight.

Another lorry driver said: "Timi-

soara is nothing compared to Tian-nanmen Square."

The witnesses also say the angry crowds, frustrated following years of repression by the Securitate, broke into a bookshop and burnt any books written by President Ceausescu.

They also burnt placards and effigies of the President which are on display to great Remains efficient to the conditions to great Remains efficient.

display in every Romanian city and Mr Ceauseson is continuing with

West Germany is also to pro-vide a DM100m annually to

improve East Germany's post and telecommunications

talks to allow Lufthansa and other airlines to fly to West Berlin outside the official "cor-

ridor" system run by the west-ern allies since the Second World War.

Talks on building a high-speed train network across East German territory

from Hanover to Berlin will start next month, with a West

German company to be given

allow western newspapers and magazines into the east On the reunification issue,

Bonn officials during the day tried to calm down the ardour

could only take place under ":

He said West Germany

would respect East German wishes over the future of the

there was no doubt last night in Dresden where the multi-tude saw their desti-ny - "Deutschland, Deutsch-land."

THE HERITABLE & GENERAL INVESTMENT BANK LIMITED

European roof."

The two Germanys agreed to

leadership of the project.

The two states agreed to

killed. I saw two fires burning on the outskirts of the city."

his state visit to Iran, apparently unconcerned about the violence in his country. He assured Iranian leaders in Teheran on Monday that his country's economic and social position was "good, stable and balanced," according to the official Agerpres news

In his absence the country is being run by his wife, Elena, his designated

number two.

In the first indirect reference to the demonstrations, Scintela, the Roma-nian party daily, yesterday warned that "the authorities will take all the necessary means to restore the situa-tion." It did not give any details of the

Timiscara riots.

Kohl-Modrow – Moscow points the way, Page 2: Lafontaine stakes ciaim; Reunification - a question of democracy, Page 3; Editorial comment.

Unexpected

running out of control.

ies and culture.

Mr Modrow announced that

the symbolic Brandenburg Gate which divides East and

West Berlin will be opened before Christmas.

Visa-free travel between

West and East Germany will be also brought in by Decem-ber 24, a week earlier than planned. In another move to

emphasise East German reforms, Mr Modrow said his country would release soon all

political prisoners, if possible

Throughout yesterday, Mr

### Kohl urges patience ● Brandenburg Gate to open ● Extra economic aid agreed

## German leaders prepare for unity

### By David Marsh in Dresden MR HELMUT KOHL, the West



West German Chancellor Helmut Kohl (right) waves to the crowds as he arrives at Dresden's Culture Palace yesterday with East German Prime Minister Hans Modrow

hlack-red-and-gold flags, inter-rupted repeatedly by chanting of "Deutschland, Deutschland," Mr Kohl proclaimed that the two Germanys were on the "difficult path" to forging a common state, but needed to take into account the views and interests of neighbours in East and West.

There was also a suggestion of management problems associated with the takeover. "The

two corporate cultures are very different and there is no prece-

dent for this kind of opera-

tion," the spokesman said. Bridgestone has sent 200

engineers to the US from

Japan to help restore Fire-stone's competitiveness. "We think it will gradually come

Other problems faced by the group this year included weak markets in Latin America and

the Middle East for both Brid-gestone and Firestone tyres

and intense competition in European markets.

of Firestone's poor results in this year's consolidated figures will depress the final results. Bridgestone expects Fire-

stone's performance will par-tially recover next year and is forecasting a consolidated net income of Y25bn. The group is

counting on a full recovery in

by 1992," the spokesman said.

We must harvest the fruit

The inclusion of 14 months

right," he said.

Kohl was feted by thousands of Dresdeners shouting "Helmut, Helmut" and brandishing prounity slogans. But the high sense for realities, we can reach our goal," he declared to point came with his open air address after laying a wreath at the ruins of the Church of Our Lady, bombed in the Allied attack on February 1945. a roar of applause from tens of thousands of East Germans massed in the square in front Surrounded by a forest of of the bombed remains.

Increasing polarisation in Rast Germany over unity was however underlined by a rival anti-reunification demonstration by left-wing groups in East Berlin last night. Mr Kohl told the crowd that

after free elections in East Germany next May, joint commit-tees could be set up between "My goal, if the hour of his-tory allows it, is the unity of the nation. With common the two states as part of "confederative structures" which both sides agree. sense and moderation and a

At a joint press conference with Mr Kohl, Mr Modrow said that, unlike the Chancellor, he wanted East Germany to remain an independent, sover-

He indicated, however, flexi-

of the crowds. In his speech last night, Mr Kohl said that West Germans "will not leave our compatriots in the lurch" but warned that German unity bility over the question of unity by saying that in "one or two years" East Germany would have a further chance of deciding how its self-determi-nation should be carried out.

Mr Modrow and Mr Kohl are to meet again in West Ger-many around the end of January or early February.
The two sides agreed yesterday to set up joint Economic

and Environment Commis-sions, as well as a study group to improve tourism exchanges. West Germany is to increase credit lines to back co-opera-

Moscow points the way, Page 2; Lafontaine stakes claim; Reunification: a question of democracy, Page 3. Romania: tion by smaller industries from DM4.5bn to DM6bn. Ceaucescu relies on Fear, Page Another DM2bn from bud-

#### delay for IMF accord getary funds is to be set aside with Poland for guarantees for other indus-trial projects. A key condition is the new East German law on joint ventures expected to be finalised next February.

By Christopher Bobinski in Warsaw and Poter Riddell in Washington

POLAND'S negotiations with the International Monetary Fund on an adjustment pro-gramme have run into an unexpected delay, putting into question the Government's ability to initiate its anti-inflation policies as planned on

Mr Massimo Russo, the European director of the IMP who has been in Warsaw heading the talks, yesterday returned to Washington without the expected letter of

intent signed by the Poles.
According to Mr Michel
Camdessus, the IMF director
general, a signed letter of
intent agreed with the Fund
would trigger an immediate
\$215m bridging loan from the
Bank of International Settlements in Rasie and speed the ments in Basic and speed the arrangement of a \$1bn stabilis-ation loan.

Both are needed by the end of this year if Poland is to move ahead with an easing of foreign exchange regulations which is one of the main components of the adjustment pro-

explained that Mr Russo had left as planned with "all the main features of the adjustment programme agreed in principle" and all that remained was for Mr Camdes-sus and Mr Tadeusz Mazo-wiecki, the Polish Premier, to approve the text of the letter Continued on Page 16

### **Bridgestone falls 62%** after Firestone costs

By lan Rodger in Tokyo

BRIDGESTONE, the Japanese tyre group, said its consoli-dated net income this year would tumble 62 per cent to

YIShn (\$107.1m).

The group said the loss is mainly because of unexpectedly high costs incurred in rehabilitating Firestone Tire & Rubber of the US, which it acquired in March 1988 for

Bridgestone shares fell Y30 to Y1.920 on the Tokyo Stock Exchange following the announcement. Analysts had been expecting a slight decline in net income this year, per-haps to Y35bn from Y39.9bn last year, mainly because of the high interest costs associ-ated with the \$1.4bn debt used to finance the Firestone take-

A Bridgestone spokesman said the cost of renovating Firestone facilities had turned out to be more expensive and time-consuming than expected. He said machines had to be idle for long periods, hurting the already-low productivity at Firestone plants.

### Refuge for 225,000 from HK

By Philip Stephens Political Editor, in London

THE BRITISH Government will announce today a plan which would give about 225,000 Hong Kong residents the right to settle in Britain in an attempt to underpin confidence in the colony in the run-up to its transfer to China in 1997. Mr Douglas Hurd, the For-

eign Secretary, will announce in the House of Commons the introduction of a new "points system" under which key per-sonnel in Hong Kong's public and private sectors will qualify for full British passports.

Official Foreign Office esti-mates suggest that as many as 60,000 heads of household could receive the passports, implying an obligation to a total of about 225,000 people if dependents are included.

The threat of a rebellion

against the proposed legisla-tion by large number of right-wing backbench MPs, however, may have persuaded Mr Hurd

Continued on Page 16

### £70,000,000 **Revolving Credit Facility** Arranged by

HILL SAMUEL

Lead Manager

wealth Bank of Australia The Hokknido Takushoku Bank, Limited

er Trust Company

NM Rothschild & Sons Limited

Crédit Lyonnais, Louise Branch BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT

Riyad Bank, Adhaoval Tender Panel Member

Banca Nazionale del Lavoro Leodos Braca

The Bank of Tokyo, Ltd

Dresdner Bank Aktienseselischaft. L

Österreichische Länderbank A.G.

SDS Bank Ltd

Crédit du Nord

**Hill Samuel Bank Limited** 

Berliner Bank AG

S.F.E. Book Limited

Yorkshire Bazk PLC

ess Makon & Co. Limited

DG BANK Deutsche Genossenschaftsbank

Die Erste österreichische Spar-Casse-Bank – First Austrian Bank –

#### MARKET REPORTS: CURRENCIES, Page 32; BONDS, Pages 20, 21; COMMODITIES, Page 24; EQUITIES, Pages 25 (London), 33 (World)

3-mo Treesury Bills: yield: 7.888% Long Bond: 1034

DOLLAR

FFr5.931

Y143.75

SFr1\_5995

New York Isnchines DM1.737

DM1.7375 (1.7265)

FFr5.935 (5.8975) SFr1.561 (1.548 )

Y143.85 (144.1 )

Tokyo close: Y143.80

US LUNCHTHIE

Fed Funds 812 %

yield: 7.837%

#### Swapo goes in search of a credible economic policy Sam Nujoma (left),



CONTENTS

leader of Swapo, com-mitted his party firmly to a "mixed economy" after its victory in Namibia's pre-independence elections. It marked a toning down of the party's Marxist rhetoric.

World Guide Editoriai Comment \_\_\_\_\_ 14

Middle East: Launch of Iraqi space rocket fuels fears in Israel .... Taiwan: European companies fight to win rail orders .. Technology: Coutts and computers - the icing on the banking gâteau ... Editorial Comment: And now Romania?; Incompetent and evasive \_\_\_\_\_\_14
Gloomy US economic indicators: The cheerfulness begins to fade ... Burden of the UK fiscal system: What it costs to collect tax ..........

Financial Futures	Stock Markets
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### **EUROPEAN NEWS**

### Ceausescu relies on fear and army to keep him in power

By Judy Dempsey in Budapest

AS ROMANIA'S party leader, Mr Nicolae Ceausescu, contin-ues his official visit in Iran. apparently confident that the dreaded Securitate, or security apparatus, can clamp down on any further dissent, the leadership's future existence now depends on two crucial factors: the erosion of fear and the loy-

alty of the army.

It was the gradual erosion of fear, coupled with the possibil-ity of change, which drove tens of thousands of East Germans, Czechoslovaks and Bulgarians on to the streets over the past ten weeks.

And more importantly, it

was the immense power of the crowds which forced these hardline party leaderships to retreat so rapidly. But as they retreated, so did the police. The once pervasive power of the Interior Ministry was transferred to the power of the crowds who, with the excep-tion of East Germany, did not, in their new found sense of freedom, attempt to seek vio-lent revenge on the security

The comparison with the events in East Germany and Romania are noteworthy.

The East German leadership was, along with Romania, the most hardline, and utterly dependent on the security forces to maintain its rule. Like Romania, the Stasi, the East German security forces. held sets of files on almost the entire population. Furthermore, unlike Czechoslovakia.

repression used against the opposition did not seem as intense as in East Germany and Romania.
But once the lid was lifted in

But once the lid was lifted in East Germany, the crowds attacked the system with rage. "The tougher the leadership, the more potentially explosive the crowd will be, once they grasp the rein which will take them to freedom," a senior East European diplomat commented yesterday.

In this context, the Roma-nian situation is explosive. For one thing, the Securitate is reviled by the population. According to some statistics, over 4m Romanians from a population of over 2lm are in some way connected with the internal security forces.

The force, bolstered by a

massive network of informers, is organised on a strictly hierarchical basis which not only maintains the highly centralised political and economic structures. But, in addition, in the counties, the Communist party secretaries themselves are controlled by the county

And if the lower echelons of the party are dependent on the Securitate for their power and status, the Romanian citizen is completely subordinate to the police apparatus, requiring its permission, for instance to travel or change jobs.

Cultural events are closely monitored. Theatres wishing to go on tour in another part of the country must first apply to the local Securitate chief who then must seek permission from the police chief running the town which the theatre wishes to visit.

In short the acquiescence of the population has been gained not through any form of legiti-macy but through fear. Which is why the violence last week in Timisoara, in Brasov earlier this month and two years ago, and in the Jul Valley mines in 1977, bodes ill for the future.

"We can expect a terrible blood-bath because the regime has been so brutal to its people," said a Romanian academic who now lives in Hun-

ple, hearing about the events in Timisoara on Western broadcast stations as well as the international condemnation of Mr Ceausescu's rule, will find enough courage to come out in huge numbers, remains to be seen.

In such a case, the future role of the army will also be decisive. The Defence Minister is Mr Vasile Milea. But the real power is invested in the Deputy Minister, Mr Ille Ceausescu, a brother of the President who is responsible for the political loyalty of the army.

"We have seen people lose their fear in China," a Hungarian Foreign Ministry official said. "We have also seen the army shoot them down in Tienanmen Square. If the army turns away from the leadership and the people lose their fear, the battle will begin."

## Moscow points way toward German unity

By David Buchan in Brussels

THE SOVIET UNION yesterday effectively laid down seven preconditions for closer co-operation, and possible union, between the two Ger-

union, between the two Germanys, including the neutrality and demilitarisation of any unified German state.

Speaking to the European Parliament here on the day that Chancellor Helmut Kohl that Chancellor Helmut Kohl started his visit to East Germany, Mr Eduard Shevardnadze, the Soviet Foreign Minister, warned that "the German nation is going through a period of great responsibility in its history" and that it must not allowed to disrupt Europe's post-war stability.

He was fleshing out what President Mikhail Gorbachevhad meant when he said on

had meant when he said on December 9 that relations between the two Germanys must be "shaped in the course of history within the frame-work of the evolving European

process".
Raising questions which he said had to be answered before any practical discussion of Ger-man reunification could start, Mr Shevardnadze suggested that West Germany would have to accept unequivocally existing frontiers, that East Germany could not be expected to leave the Warsaw Pact while West Germany stayed in Nato, that the rights of war-time allies in both Germanys would have to be clarified, and that there would have to be "political, legal and material" guarantees that a reunited German nation would not threaten

European peace.

He stressed "our very friendly feelings" towards both Germanys, and, significantly, said that it would be up to "the

leaders of the sovereign and independent state" of East Germany to decide if they wanted to apply one day to join the European Community.

At the same time, he repeated Mr Gorbachev's statement that East Germany was "our strategic ally and a member of the Warsaw Treaty". Earlier in the day, at the end of unprecedented discussions with Mr Manfred Worner, the Nato Secretary-General, at Nato headquarters here, Mr Shevardnadze stressed the stabilising role of both alli-ances and proposed developing co-operation between them. Clearly anxious to involve Moscow's war-time allies in

moderating the pace of inter-German developments, he spoke approvingly of President François Mitterrand's recent statements to the effect that no

European country should act without due regard for the without due regard for the European balance. He then flew on for talks in London with Mr Douglas Hurd, his British counterpart, and Mrs Margaret Thatcher, in which the German question is expected to head the agenda.

After signing the new EC-Soviet trade and economic cooperation accord Mr Shevard.

eration accord, Mr Shevard-nadze dined on Monday with foreign ministers of the Twelve and then held a bilateral talk with Mr Hans Dietrich Genscher, his West German counterpart. The latter shared his overriding concern for sta-bility, Mr Shevardnadze said. But Mr Shevardnadze sad.
But Mr Shevardnadze
expressed worry that West German politicians had still not
explicitly rejected the finding

of their Constitutional Court

the old German Reich continued to exist within the 1937 borders. Chancellor Kohl's recent 10-point plan for future relations between the two Germanys had fuelled, railed than allayed, this Soviet concern, he said, though he acknowledged that Mr Genecker had endorsed the Oder-Neisse line that now forms the East German-Polish border. man-Polish border. Mr Shevardnadze rocalied that Moscow had in the seriy 1950s favoured a united, but demilitarised Germany, before West Germany joined Nato, and he believed this idea was

worth reconsidering now.

• EC foreign ministers yesterday instructed their diplomats to agree by the end of the year a mandate for the Brussels. Commission to start negotia-ting the trade and co-operation

### GM wins round-the clock working at W German plant

By Kevin Done, Motor Industry Correspondent

GENERAL MOTORS, the US motor group, is to introduce round-the-clock, three-shift working at its Bochum car assembly plant in West Ger-many, it is the first car producer to make such a radical move in the Federal Republic. West Germany is the leading car-producing country in West Europe and the GM move will

put renewed pressure on other volume car-makers — as well as other GM assembly plants — to follow suit in the search for improved productivity and increased output.

GM has been at the forefront in the past two years in seeking radical changes in working practices in the European car industry. It became the first producer to introduce round-the-clock working at a car assembly plant last year at its Zaragoza assembly plant

in north-east Spain. It has also achieved significant labour reforms at its Antwerp assembly plant in Bel-gium, where three crews have been operating two 10-hour shifts a day six days a week since autumn last year. The move allowed one old plant to be mothbailed and the operation consolidated into a second Antwerp plant without any loss of output.

It has been seeking reforms of working practices at its other European operations in an effort to increase produc-tion capacity without building new greenfield site manufacturing plants.

The breakthrough at Bochum, where GM assembles the Opel Kadett/Vauxhall Astra small family car, is par-ticularly significant, as the

West German motor industry has the highest labour costs and some of the shortest hours in the world industry.

Industry leaders have warned repeatedly in recent vears that the industry would increasingly lose out on new investments to lower cost countries, unless unions accept more flexible working.
Opel, GM's West German subsidiary, said yesterday that

the Bochum assembly plant would begin three shift work-ing with effect from April 1, next year. The move will cre-

ate 680 jobs and will necessitate an investment of around DM30m.

DM30m.

Mr Peier Enderle, Opel menufacturing director, said the move was "a pioneering step", which would strengthen the Federal Republic as a car-producing country by making more efficient use of existing plants. Output at the Eochum plant ill be increased initially from 1200 to 1300 Kadett models a

1,200 to 1,300 Kadett models a day. Night workers will receive an extra DM700 per month and seven working days' additional

## Doubts remain about the depth of the revolution in Czechoslovakia

By A.H.Hermann in Prague

WHAT TOOK years in Poland and months in Hungary is taking a matter of days in Czechoslovakia. The changes are proceeding at breathtak-ing speed, but for that very reason may not be as penetrating or as real as the euphoria of Prague students, seen through the magnifying glass of

the world press, may suggest.

The main symptom of the change is a political fever unprecedented in the entire history of the Czechs. Last Friday a string of events took place, each of which would have been thought impossible a month ago. First the Communist party announced it was disbanding its

party organisations in the army and

security forces, the office of President and Prime Minister and in all other departments of state which it hitherto dominated. The party would respect law and constitution and public interest as formalised by the constitutional government. "The Communist party is a politi-

"The Communist party is a point-cal party conducting its activity in conformity with the constitutional law," said the statement. It was a long way from the slogan "Law is what is good for the party," which used to be displayed prominently in Creek courts of instice. Czech courts of justice.

In addition, the party said leading hardliners were removed from the

On the same day, General Miros-lay Vacek, the Defence Minister, said army service would be shortened from 24 to 18 months, and nine months for university graduates. Reservists called to annual exercises would be reduced this year by 90,000 and the usual military parades would not be held in Prague and Bratislava on the anniversary of the 1935 revolution. He added that fences and minefields were being disman-tled along the Austrian and West

German frontiers.

That same day the town of Gottwaldov, so named after the first Communist President in 1948, became Zlin once more, the name

under which Tomas Bata made it into the metropolis of his worldwide footwear empire.

As if this were not enough, on Monday Mr Marian Calfa, the Prime Minister, received Prince Karel Jan of Schwarzenberg, head of the family which until 1948 owned great tracts of agricultural land and most forests in South Bohemia and in more dis-tant times competed for political power with the Czech kings. But Mr Calfa was shaking hands not only with the so far proscribed aristocrat but also with the chairman of the international Helsinki Federation for Human Rights. The chairman of the Charter 77 human rights organisation was another of his visitors. However, the coin has another

side. The completeness of the volte-face suggests that many of the reformists — and all profess now to be in this category – are simply continuing their blind obedience to commands from above, possibly from Moscow, Some people fear that they might change with the same swiftness again if told to do so.

Many of those who welcome the change and desired it for the past 21 vears and longer fear that the 300,000-strong security forces kept intact and under the command of Communist party members could be deployed against the gentle revolution if a change in Moscow made this possible.

Although an overwhelming major-ity is, undoubtedly, relishing the wave of democratisation, free speech and free travel, many fear the return to market economy. Townspeople fear disruption of supplies which, though poor in quality and offering only essentials with little choice, are enough to ensure that no one goes

hungry or cold.

Mistrust is even greater in the country. The collective farmers are doing very well and working less hard than when the land was thans. For them, Vaciav Havel is an intel-lectual viewed with suspicion.

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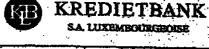
On December 6, 1989, Bonds for the amount of UA 800,000 have been drawn in the presence of a Notary Public for redemption on

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THE Communist party leader in Lithuania, Mr Algirdas Brazauskas, yesterday formally proposed that his party break away from the Soviet Communist Party and espouse the ultimate aim of independence, either inside or outside a Soviet confederation.

in a strongly nationalist speech, still expressing firm commitment to perestroika, Mr Brazauskas called for the creation of a confederal Communist party, and a confederal state; from which any republic would have the right to secede. At the same time he proposed, a programme which bluntly commits the Lithuanian Communist Party to the "restoration of Lithuanian statehood" and creation of "an independent state", without qualification.

He rejected the repeated pleas of Mr Mikhail Gorbachev not to break away, setting out instead a vision of a demo-cratic Lithuania moving away from "totalitarianism" in the same way as the rest of Eastern Europe. He revealed that talks had

already taken place with Soviet military commanders, includ-ing General Dmitri Yazov, the Defence Minister, on the number and position of Soviet troops in Lithuania. Speaking in the huge mod-ern opera hall in the Lithuanian capital, with no sign of any bust or statue of Vladimir

Lenin, or any other Soviet Party platform seems cartain to be approved by the full-scale posed what is virtually a social-democratic party pro-gramme for the future Lithuanian Communist Party.

It includes a commitment to multi-party democracy, a mar-ket economy, and the primacy of human and individual values over class interest and ideology.
On the steps outside, rival groups of demonstrators

demanded either immediate independence, denouncing the Communist party as an irrele-vance, or complete integration in the Soviet Union - the lat-ter from the Russian-speaking minority of Lithuania. The Lithuanian Communist

the other political parties - at least four more will contend elections in February, apart from Sajudis, the nationalist party congress today, with 80 per cent of its participants Lithuanian. It is by far the umbrella movement - to form a united front, and ultimately a most radical yet presented from within the Soviet Com-munist Party. Yet many observers believe it will precipcoalition government.
Only two weeks ago the Lithuanian Parliament effectively

cancelled the monopoly posi-tion of the Communist party. itate a rash of similar moves from the local ruling parties. in all five of these non-Rus-"Brazauskas is the last chance for Lithuanian Commu-nists," Mr Alvidas Juozaitis, a sian republics, the ruling party is facing a dramatic erosion of its position by nationalist movements, and faces humili-ating defeat in the forthcoming local elections if it does not leading member of Sajudis, said last night. "It was a very good speech, but it had nothing to do with communism. Even itself jump on the nationalist bandwagon. Mr Brazauskas the name is practically dead. They are reburying this dead virtually admitted as much yesterday, when he called on body from a Soviet grave to a national grave. It won't help."

German reunification raises the question of democracy

By Michael Mertes and Norbert J. Prill

THE German question is still put into a broader framework European pioneers have been waiting for a definite answer. where West Germany's Ostpoli-The opening of the inner-German border and the Berlin Wall has not solved the problem. A durable solution can only be found through an act of free self-determination. That is what the East Germans are demanding - and of course freedom, democracy and

respect for human rights. Free elections in the GDR planned for May 6 1990 will be a first step in that direction. If the German question had already been solved, why should the four victor powers of the Second World War still be present in Berlin and con-

tinue to exercise their rights and responsibilities in respect of Germany as a whole and Berlin? On the surface, this looks very much like an anschronism. Many Germans are beginning to feel annoyed by this restriction of their sover-

eignty.

Of course, the four-power presence in Berlin also serves to underline how the German question is still open; and, this being so, the Germans can be the server of the course of the server of keep alive their claim to self-determination with a view to reunification. A restriction of sovereignty, de facto rather small, is a price worth paying for such an advantage. But it is

becoming harder to explain to German people why this is not a contradiction.

Poland, Hungary and Czechoslovakia without communists in charge remain countries in their own rights. What, however, will happen to a truly German *Democratic* Republic without a Communist leadership? The West has at last begun to grapple with the root of this question.

The Germans bear the chief responsibility for making sure that their partners and friends – and the world at large take seriously their nation's right to self-determination. This was one of the reasons why Chancellor Helmut Kohl set out the Federal Republic's policies on Germany in his 10-

point programme last month. The essence of what he declared had been said time and again for many years. But it had frequently been misun-derstood as mere rhetoric. Against the background of the peaceful East German revolu-tion, the policy has now been tik and Europapolitik have been shown to be parts of a consistent strategy.

One of Mr Kohl's key sentences was: "The future architecture of Germany must fit into the future architecture of the whole of Europe." That emphasises the Federal Republic's active role in the Helsinki process, as well as the undi-minished German commitment to intensifying Western Euro-pean integration. But the Chancellor also made clear that, in order to solve their national question, the Germans unequivocally need the

solidarity of their friends. Of course, there are reserva-tions abroad over whether German unity would be a good thing for Germany's neighbours. The right answer to such objections was already found in the 1950s - at a time when doubts on whether the Germans had drawn the neces sary lessons from the past

were still understandable In the Bonn Convention (Deutschlandvertrag) of 1952, the US, Britain and France committed themselves to support the aim of reunification. There are two conditions: that a united Germany must have a free-democratic constitution, on the lines of the Federal Republic; and that it must be integrated within the Euro-

pean community.

A free-democratic constitution is precisely the most important aim for which hundreds of thousands of East Germans have been demonstrat-ing. Some people in the West think that introducing freedom into the eastern half of Europe is a source of instability. But the opposite is true: instability stems not from those who demand freedom, but from those who withhold it.

As to the second condition, integration means giving up parts of national sovereignity, in order to exercise it along with others. Konrad Adenauer knew that only in this way would German unity be acceptable to our neighbours. Additionally, he saw that only a united and successful Western Europe would exert sufficient gravitational force to attract the central (and dictated to) East European populations.

Adenauer and his fellow

Federal Republic into the West has long passed the point of no return. Despite occasional complaints, the West Germans know very well that overall their freedom, prosperity and jobs are tied up with its membership of the European Com-munity and the Atlantic Alli-

Some people abroad may wonder whether support for Western integration would also hold good for a united Ger-many. They should be asked a counter-question; do they really believe that hundreds of thousands of demonstrators in Leipzig, Dresden and other cities would want a united Germany to turn its back on the West? Of course not! They want to participate in the blessings of West European integration.

Everyone knows that the Soviet Union holds the key to the answer to the German question - in a legal and fachual sense. In the final analysis it is conceivable that the Soviet Union will eventually recognise the usefulness of some form of united Germany, firmly embedded in the community of European nations.

It is true that German unity will only become acceptable to the Soviet Union to the extent that the antagonism between East and West disappears. Nato and the Warsaw Pact will have to develop in Chancellor Kohl's words, "comprehensive security structures" that take into account the legitimate security interests of all parties

concerned. The Soviet Union seems to have begun to think inten-sively about all these intricate questions. Additionally, the proposals of Mr James Baker, the US Secretary of State, on a new more political role for Nato have been a very con-

structive response.

German unity will prove a bonus for the whole of Europe, from the human, cultural, eco-nomic and political points of view. This is not a zero sum game; everyone will win. It would be ill-advised to let the chance go by.

The authors are advisers to Chancellor Helmut Kohl in the Bonn Chancellor's Office. They express their views here in a personal capacity.

### Lafontaine lays claim to top role in SPD

MR Oskar Lafontaine, one of West Germany's most talented but unpredictable politicians, yesterday laid strong claim to lead the Social Democrats into next year's national election with a powerful address to the SPD party congress in Berlin. His 70-minute oration inspired many delegates to believe that the party could put its current difficulties behind it.

The 46-year old Saarland Pre-mier, who inherited his French name from a soldier in Napoleon's army, recently appeared to have lost ground in the contest for the party leadership.
This was a result of a typically impulsive intervention in the debate over reunification when he suggested that East Germans should not unconditionally be allowed to emigrate to West Germany and thereby undermine both their own economy and the West German

social security system. Although Mr Lafontaine made it clear yesterday he remains less interested in state unity than many party colleagues, his wide-ranging dis-course on modernising the case for democratic socialism, laced with attacks on Chancellor Helmut Kohl and his centreright coalition, won him a twominute standing ovation from

the 400 delegates. By contrast his main rival

### France sets tighter money supply targets

By George Graham

chairman, received only per-functory applause after his address on Monday. Speaking with only occasional reference to notes, he accused Mr Kohl of bad faith in suggesting that full German unity could be achieved with-out dissolution of Nato and the

Jochen Vogel, the current

Warsaw Pact Although he did not rule out a form of unity, he said there was no reason why it had to involve state unity and said that freedom and social justice for people in both Germanys was more important than

He also questioned a policy which endangered the East German economy by encouraging the young to leave and at the same time exacerbated unemployment and housing shortages in West Germany.

Those who welcome young East Germans as a means of resolving West Germany's future pension problem "speak

of Germany but have only West Germany in mind," he The SPD, which a year ago had a commanding lead in opinion polls, scored only 37 per cent in the last poll, com-pared with 41 per cent for the CDU/CSU. The party has been eclipsed by the Government's ability to steer the debate over By contrast his main rival German unity and by its own for party leadership, Mr Hans-disunity on the subject.

tighter money supply targets for next year in a bid to rein in growing credit demand and keep France's inflation rate under downwards pressure. Mr Jacques Delarosière, the Governor of the Bank of France, said yesterday that the decision to raise money market intervention rates by half a percentage point on Monday had been designed to send an early signal to the economy. With the same aim, Mr Delarosière said that the Bank of France would tighten its goal for the growth of M2, the nar-

THE Bank of France has set

row measure of money which is the only one officially tar-geted in France, to a range of 3.5 to 5.5 per cent in 1990. Some economists have ques-tioned the usefulness of targetting monetary aggregates now France is committed to a policy of fixed exchange rates within the European Monetary System (EMS). Mr Delarosière

tools towards the objective of monetary stability. So far this year, M2 has grown by 5.2 per cent, within the target band of 4 to 6 per cent, but the broader M3 and L monetary aggregates have grown much faster.

### Swedish labour model 'could benefit' EC

By Michael Prowse in London

THE European Community should adopt Swedish labour market policies if it wishes to reduce unemployment significantly below the current total

cantly below the current total of 18m people, says a survey of the world economy.

The World Institute for Development Economic Research (Wider) says the EC should reject the "benefit principle" of passively handing benefits to the unemployed and instead adopt Sweden's "employment principle", which involves "active measures to involves "active measures to maintain the working potential of those who lose their jobs."

The report, a wide-ranging analysis of world economic problems by seven leading academic economists, also urges radical policy changes in the US. It says the Bush Adminis-tration should take steps to raise low national savings - the root cause of the yawn-ing current account defi-cit - and consider introducing a value added tax as a means of reducing the budget deficit. money supply gave similar sig-nais, and both were useful tools towards the objections.

Such a package of measures would substantially reduce the US's dependence on capital inflows and cause world interest rates to fall. Japanese and West German surpluses – which are expected to remain high – could then be recycled to poor developing countries. At the same time, policy on Third World debt should move beyond the pres-ent emphasis on debt-reduc-

Debtor countries should be allowed to repay interest in local currency, which could then be used to finance investment in local economies.

The report notes that EC unemployment is still 10 per cent - only one percentage point below its peak - despite a substantial economic recovery. The unemployment rate is unusually high not because more people become jobless than elsewhere but because the duration of unemployment is

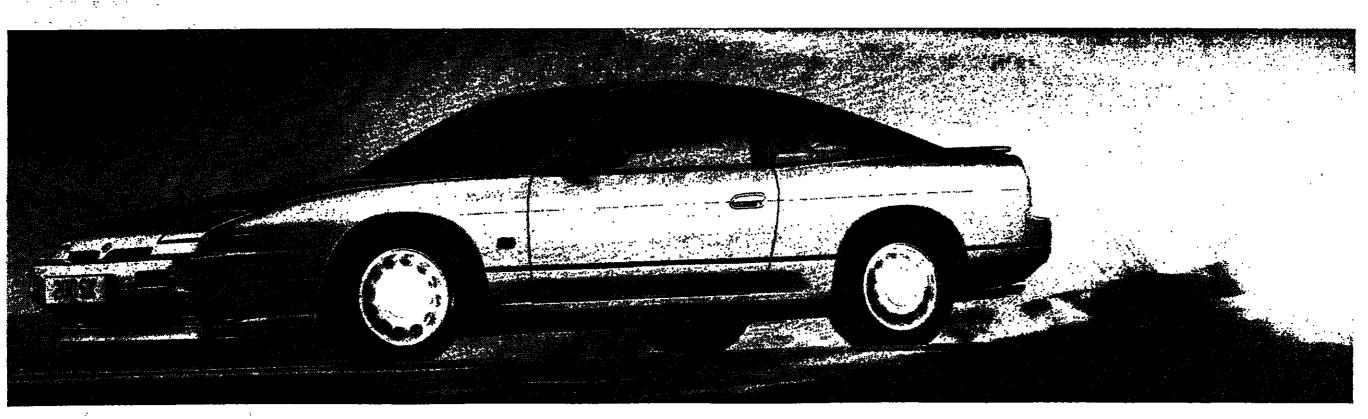
typically longer.

Nearly half the EC's unemployed have been jobless for more than a year, compared with just 8 per cent in Sweden. where the overall unemployment rate is under 1.5 per cent. The lesson from Sweden is that the EC should spend more on positive labour market policies to find productive employment for the jobless.

In particular greater emphasis should be placed on high

quality training, counselling and placement services bolstered, where necessary, by recruitment subsidies and job creation schemes. World Imbalances, Wider, Annankatu 42 C, 00100 Hei-sinki, Finland.

### **Brilliant new 200SX,** Ferrari looks. Porsche pace'



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#### **OVERSEAS NEWS**

## Tamil separatists | Launch of Iraqi space rocket fuels fears in Israel deploy advanced Swedish gun

By Mervyn de Silva in Colombo and Robert Taylor in Stockholm

RIVAL Tamil separatist rebels are reported to be using the Swedish Carl Gustav 81 mm recoilless anti-tank gun in the battle for Batticaloa, the East-ern Province capital, and west-ern diplomats predict that another Indo-Swedish arms row, this time over end-user conditions, may be about to

erupt.
Mr Sven Hardman, Sweden's chief war materials inspector, yesterday said that he did not believe that an infringement had occurred of the conditions covering the relevant arms agreement between India and Sweden which was signed

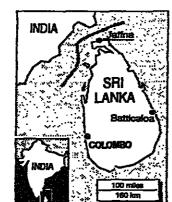
signed 13 years ago. Under its provisions covering the licensing of the manufacture of the gun and its ammunition in India it is made clear that the weapon cannot be sold to any other country. Mr Hardman pointed out that the Indian forces in Sri Lanka were entitled to use the anti-tank gun under the agreement.

The fact that the weapon might have been provided by Indian forces to Tamil groups in Sri Lanka did not violate the 1976 agreement between the Swedish arms manufacturer FFV and the Indian and Swed-

ish governments. The British military attaché in Colombo could neither confirm nor deny that many diplomats were aware that the FFV gun was being used to blow up police stations in the east of Sri Lanka but he said: "We used it in the Falklands and its the best there is."

Earlier this month, the Tamil National Army (TNA) used the gun to blow up four police stations in the predomi-nantly Sinhalese and Moslem areas of the Eastern Province, killing 41 Moslem police reserv ists and several Sinhalese policemen. Thousands of Sin-halese and Moslem villagers fled their homes in the face of

The "Carl Gustav" has found its way into the hands of at ast two other Tamil groups, the pro-Indian EPRLF and the powerful Tamil Tigers (LTTE). Sri Lanka police suspect that the Tigers may have seized a few Carl Gustav guns from the TNA but a Tigers' spokesman said two were captured from the Indian peace-keeping forces long ago. "But we have no shells," he said. He claimed the weapon had been given to the



TNA, which was trained and equipped by the Indian forces on the island.

Mr Ranjan Wijeratne, the Sri lankan Foreign Minister,calls the TNA "an illegal army" consisting largely of teenage con-scripts, trained and armed by the Indian peacekeepers. The Indians have always denied handing over sophisticated weapons but Mr Wijeratne yesterday repeated his allegation that the TNA had been given weapons "more sophisticated" weapons "more sophisticated" than any in the Sri Lankan armoury. This included, he said, "an anti tank gun". Asked whether it was of Swedish make he replied "Yes, we believe that".

It is not clear how the revelations will affect other arms deals. There is another and even bigger Swedish arms deal to India in the offing, and any violation of end-user condi-tions could affect that transaction," said a Scandinavian diplomat, who did not wish to be

However, Mr Hardman denied that the revelations about the use of the Carl Gustav in Sri Lanka threatened in any way the existing arms lic-ensing agreement between India and the Bofors company on the manufacture of the Howitzer 155 mm heavy gun, which was signed in 1986. The Swedish Government

has given permission for the company to manufacture the Howitzer in India and it is now up to the new Indian Govern-ment to decide whether to go ahead with this second part of the three-year deal. "There is no linkage at all between the matter of the Carl Gustav and the Howitzer deal," said Mr

### Philippines granted loans and release of IMF funds

THE International Monetary Fund is expected to release \$264m early next year to help finance the Philippines' debt buy-back programme, senior Finance Department officials

The news coincides with an announcement that the Philippines and the Asian Development Bank (ADB) have signed three loan agreements worth \$322m to finance government power, water supply and environmental management pro-

The IMF funds represent the second, third and fourth tranches of the \$528m extended fund facility and is meant to partially meet the repurchase of \$1.312bn of outstanding public sector debt, under an agree-ment signed with commercial banks in September. The Import-Export Bank of

Japan and the US Economic Support Fund are also expec-ted to help fund the pro-gramme, which was finalised on November 29 and involves the purchase, at 50 cents in the dollar, of loans incurred by the Government and state bodies. The country needs to raise about \$656m for the pro-

Meanwhile, the ADB soft loans include a \$160m facility to support the construction of geothermal and other power plants, a water sector loan worth \$130m, and a \$32m upland communities loan.

Hugh Carnegy and Victor Mallet assess the dangers of missile proliferation in the Middle East

HE SURPRISE launch of an iraqi space rocket this month and Syria's reported attempts to procure Chinese missiles have revived fears in largel and elsewhere about the grave dangers of missile proliferation in the Third World. Governments trying to restrict the spread of missile technology are anx-

ious not to let the warmer relation-ship between Moscow and the West or the turmoil in eastern Europe over-shadow the risks posed by missiles and chemical or nuclear warheads in developing nations.
Unlike the superpowers, unstable

Third World countries and their dicta-tors are regarded as difficult to engage in negotiations. Some might be unimpressed by the threat of mutu-

ally assured destruction.

Iraq may have a long way to go when it comes to developing a nuclear device, but President Saddam Hussein showed no compunction about the use of chemical weapons against Iranian forces and their Iraqi Kurdish allies during the Gulf war. Iraq's ambitions for unequivocal leadership of the Arab world, its growing military power and the government's hatred of israel and Syria as well as Iran consti-

tute a particularly serious long-term threat to Middle East peace. It was therefore with alarm that the world therefore with alarm that the world learned of Iraq's launch of the Al-Abed (The Worshipper) rocket on December 5. Space rocket and long-range missile technology are essentially the same. "If you config-ured this as a missile it could go 2,000 miles at least," says Mr Gary Milhol-lin, director of the Wisconsin project on nuclear arms control in Washington. Such a range would put Moscow

and Western Europe within reach.

Experts examining Iraqi television pictures and Western intelligence data believe the rocket was liquid-fuelled and may have attempted to put something into orbit. Perhaps it was boosted with adapted Scud missiles. Whatever the details, Western governments were once again taken by surprise by Iraq's technological prowess. At the same time Iraq said it had built a separate 2,000km military mis-sile called the Tamuz-1, which may have been a reference to the untested, solid-fuel Condor-2 being developed

with Argentina and Egypt.
While the Gulf states nervously adopted Iraq's achievement as an "Arab rocket", Israel was facing in excess of Syria's existing arsenal.

ollowing its sale of CSS-2 "East Wind" missiles with a range of more than 2,000km to Saudi Arabia last year, Peking has indicated to Washington, most recently during a visit to China by Mr Brent Scow-croft, President Bush's National Security Adviser, that it will not sell any more sensitive missiles to the Middle East. Most Israelis are not convinced, although some analysts think the Chinese may be using the Issue as a diplomatic bargaining tool to repair relations with the US after the suppression of the Chinese pro-democracy movement in June. The addition of the M-9 to Syria's missile stockpile would be another reason for the Israelis to doubt the value of Moscow's restraining arm on its tradi-tional Middle East ally.

China's eagerness to earn foreign exchange by exporting arms to the Middle East is perceived in the West as a potential danger to regional stability; yesterday President Yang

Israel also works on a worst-case assumption about Iraq. Baghdad's emerging new generation of missiles energing new generation of missies is regarded as an increased threat from a potential belligerent. The concern is that such weapons are homemade — and therefore without the political strings attached by a foreign supplier — and will have a reach and accuracy not previously achieved. Hence Israel's anxiety about financial and technical assistance from Westand technical assistance from West ern governments, companies and individuals for Iraqi weapons pro-

At a conference on Middle East arms control, or rather the lack of it, at Tel Aviv University last week, Dr Ariel Levite of the Jaffee Centre for Strategic Studies argued that Iraq's present preoccupations were with iran and its own domestic problems. He said Iraq was not interested in upsetting Israel, which it feared, and Israel should take care not to inflame the situation. But the majority feeling was more alarmist. Israeli officials and analysts repeatedly cite the use of

another problem. It believes that neighbouring Syria is trying to acquire the Chinese M-9 missile, with a range of 600km and an accuracy far area, Kuwait and Oman.

Shangkun was in Egypt on the first missiles and chemical weapons by stage of an 11-day tour which will lraq in the Gulf war as a chilling take him to the United Arab Emirates, Kuwait and Oman. Iraq in the Gulf war as a chilling threat to Israel. Israeli defence officials say that by the end of the war last year, the decision to deploy and use chemical weapons was devolved to Iraqi divisional commanders.

to Iraqi divisional commanders.

Mr Amos Gilboa, a former senior
military intelligence officer, said a trimilitary intelligence officer, said a tipple combination of a totalitarian regime, an immature political society and massive destructive capability threatened an explosion. The conclusion being drawn in Israel is that it must not let down its guard of a strong counter-threat based on thinledisgrand largeli molecules and chamstrong counter-threat based of minily-disguised Israeli nuclear and chemical capabilities and long-range missiles. This reinforces the cycle of
missile escalation at a time when the
superpowers are heading in the opposite direction and the West is trying
to restrain proliferation through the
1987 Missile Technology Control
Regime. At the Tel Aviv conference.

Mr Moshe Arens, the Israeli Foreign Mr Moshe Arens, the Israeli Foreign Minister, said there were no signs of a disarmament initiative in the Middle East and in the meantime "the most important, the dominant, stabilising element in the area is Israel's

#### Correction

### Westland in India

A REPORT in yesterday's Financial Times regarding a fatal helicopter crash in Rom-bay - "Delhi stops flights by Westland" - was incorrect.

The helicopter which crashed near Patna, killing seven people on Friday was not a Westland-30 as reported, but was an Aerospatiale Dauphin 365N. The decision to ground 20

Westland-30 helicopters was not taken by the Indian Government as reported, but was made by the aircraft operator Pawan Hans as a precaution following an incident on December 11 in which a Westland Made a heavy landing land-30 made a heavy landing at Juhu Airport, Bombay. There were 15 passengers and two crew on board. One pas-senger sustained minor inju-

There have been two previous incidents involving Westland-30 helicopters in India and not five as stated in the

#### Aquino set to take emergency powers

By Greg Hutchinson in

PRESIDENT Corazon Aquino is expected today to acquire emergency powers as a result of the coup attempt of Decem-ber 1 to 7. The delay has been caused by the slowness of her politically supportive but cum-bersome Congress in enacting legislation that balances effec-tiveness with the safeguarding of civil liberties.

The two communities final bill

passed a compromise final bill. The law allows the president to order the seizure of firearms, take over public util-ities and related businesses. fix prices, regulate power sup-ply, and confiscate hoarded food.

She has also said she will and print media airing rebei propaganda. Since the coup was launched the government has closed down three private radio stations for broadcasts

civil rights groups and the rightist opposition have critic-ised Aquino for attempting to muzzie liberties.



ZIMBABWE'S President Robert Mugabe talking with President Kaunda of Zambia, to his left, and one of his senior ministers and former rival, Mr Joshua Nkonao, at the opening of an important conference of the ruling Zanu-PF party in Harare yesterday.

Mr Mugabe has re-dedicated Zanu-PF to

establishing a one-party Marxist-Leninist state, and in doing so, has made it quite clear who his ideological friends are, Julian Borger reports from Harare.

Welcoming foreign delegations to the con-

MR NELSON Mandela, the jailed leader of the African

National Congress (ANC), has held talks with black political

leaders at his prison bungalow in the Cape, in preparation for eventual negotiations with Pre-toria over the country's future. Mr Mandela has consulted

both internal black leaders and

members of the Government

with increasing frequency in

recent weeks, as speculation mounts that his release from

Yesterday the British ambas-sador, Sir Robin Renwick,

raised the issue of Mr Mande-

la's release in a meeting with

the South African Foreign Min-ister, Mr Pik Botha. Diplomats

prison is imminent.

order of preference of their political systems. In what is being interpreted as a gauntlet thrown down to those within the party who would prefer to water down its socialist agenda, North Korea came top of the list. Mr Mugabe now seems to be consciously aligning his party and his Government with what he sees as a last

Hardline Marxist regimes such as China, Cuba, Angola, and Ethiopia were ranked far above the Soviet Union, Yugoslavia and Poland, who received far less effusive greetings.

The belief of the Zanu-PF leadership is the with its principal political rival, Zapu, Mr Mugabe appeared to list the delegations in rary aberration which will soon be reversed.

and five members of the country's largest trade union federation, the Congress of South African Trade Unions (Cosatu)

The latter group, which held six hours of talks with the ANC leader yesterday, included Mr Cyril Ramaphosa, widely viewed as the most

powerful figure in the interna

opposition. After the meeting Mr Sydney Majumadi, a mem-ber of the delegation, denied that Mr Mandela's recent meet-

ings with ministers constituted

He said the ANC leader's

aim was to understand the plans of the ruling National

Party, and to convey this infor-

negotiations.

### Israel's privatisation plans suffer setback

The Israeli Government's privatisation programme was thrown abruptly out of gear yesterday when the Kn finance committee, which has a veto on sales of public companies, voted overwhelmingly against the Finance Ministry's plan to sell a controlling stake in Israel Chemicals Ltd (ICL)

to a private investor.
The Finance Ministry has been in negotiation with 10 foreign concerns - ranging from international chemical companies to Mr Robert Maxwell, the British publisher - over its intended sale of a 50 per cent share in ICL, widely regarded as the most saleable govern-ment company and reckoned to

have a total value of \$800m. Senior officials were furious that their intention to comnext their intention to com-plete the placement by April next year had affectively been been overturned. The sale was to have marked the most sig-nificant step yet in the so fer-alow-moving privatisation, process, opening the way for the sale of other hig state compa-nies such as the sirline El Al, the state oil refineries and the telecommunications and electrical utilities.

The Knesset finance committee, which has to approve all privatisation issues, voted by 22-4 against the ministry's approach, ruling that the state should not relinquish control of ICL - it specifically rejected

a "golden share" as inadequate
because of its role as
exploiter of Israel's chief natural resource, potash, and its importance to the economy as a whole ICL last year reported pre-tax profits of \$74m on turn-over of \$1.08bn and employs

6,000 people.

The committee's stance was bolstered by statements by Mr Ariel Sharon, the Industry Minister, and Prof Michael Bruno, the Governor of the Bank of Israel. Mr Sharon, backing away from his previ-ous support, said this week the issue should be reconsidered, and Mr Bruno also came out against passing control of ICL to a foreign investor. Finance Ministry officials said the decision had shattered

the credibility of the Government in the eyes of investors after the previous successful disposal of the Paz oil distribution company and JEC, a property company.

### Jordan advances reform by lifting martial law

By Lamis Andoni in Amman

IN ITS most dramatic break with the past, the new Jorda-nian Government of Mr Mudar Badran announced yesterday that it will lift martial law,

which has been in force for more than 22 years.

Although the restrictions — imposed after the 1967 Arib-Israeli war — were infrequently invoked, their existence curtailed the authority of the judiciary and opened the door for civil rights abuses by the security forces.

Mr Badran, who made the amnouncement when outlining his political programme before Parliament, said martial law was frozen pending a complete abolition of all laws and regulations associated with it. The move was hailed here as a revival of the liberal Constitu-

The Government had already taken a series of liberalising

measures, effectively suspending the functions of martial law in the most vital areas of Jordanian life. It has also reversed government control of the press implemented under Mr Zaid Rifai, the previous Prime Minister, and restored full powers to the Supreme

Court More importantly, the authorities have decided to return seized passports, and to lift the ban on travel and work which had been imposed on many political activists and

government critics.

Mr Badran, who served as
Prime Minister twice between 1978 and 1984, has also moved to win the support of the Islamic fundamentalists, who hold the largest bloc of seats in Parliament, by proposing the ennulment of laws stipulating that preachers in mosques be appointed by the Government.

## Swapo casts around for credible economic policy

Patti Waldmeir analyses whether Namibia can avoid post-independence mistakes of the rest of Africa that that is unjust." However, the experience of Zimbabwe, which has resettled only a trac-tion of families identified for resettlement at independence

The South West Africa THE BANK OF YOKOHAMA, LTD. People's Organisation (Swapo), the winner of (Kabushiki Kaisha Yokohama Ginko) last month's pre-independence elections in Namibia, declared (the "Bank") in its election manifesto: "Swapo does not conceal its belief in the moral superiority of socialism over capitalism." U.S.\$100,000,000 But now is scarcely the moment in history to be pro-2 3/8 per cent. Convertible Bonds due 2001 claiming the virtues of social-ism - especially in Africa, (the "Bonds") where socialist policies have signally failed to create morally superior societies, leaving a legacy of economic decline which is scarcely an inspira-

Further to the notice dated 7th December, 1989, the notice is hereby given that as a result of the issue of 50,000,000 shares of common stock of the Bank by way of public offering in Japan for payment on 15th December, 1989, the following adjustment of the Conversion Price of the Bonds has been made pursuant to Clause 7 (H) (v) of the Trust Deed dated 30th September, 1986 relating to the Bonds:

Notice to the Bondholders of

(1) Conversion price before adjustment: Yen 885.10 per share

(2) Conversion price after adjustment:

Yen 883.70 per share

(3) Effective Date of the adjustment (Tokyo time): 16th December, 1989

> The Bank of Yokohama, Ltd. 47, Honcho 5-chome, Naka-ku, Yokohama, Japan

20th December, 1989

tion for Namibia. So Swapo has toned down the Marxist rhetoric of its first 20 years as a liberation movement, and prefers now to preach the merits of "social responsibility" rather than "socialism". Speaking at his first press

conference after Swapo gained a majority in the 72-member constituent assembly last month, Mr Sam Nujoma, the Swapo leader, committed his party firmly to a "mixed econ-omy" and said he welcomed foreign investment in Namibia. Swapo officials say they wish to avoid the economic mistakes of other post-colonial African countries: the largescale nationalisation of assets is offered as an example. Top officials spent many years in

exile in Angola, Zambia and Tanzania – where socialism was tried, and falled – giving them first-hand experience of the system's shortcomings.

But neither are they persuaded of the virtues of capitalism: "The failures are there, whether they (African countries) opted for socialism or capitalism; there is as much corruption in (capitalist) Ivory Coast and Malawi as in (Marxist) Ethiopia," says Mr Theo-Ben Gurirab, Swapo's secretary for foreign affairs. Mr Gurirab says Namibia

must elaborate a system suited to its own needs; but it is far from clear yet what kind of a system that would be. Swapo officials say they are still studying various aspects of the Namibian economy, and will announce detailed policies

later.
This evidence of flexibility is welcomed by local businessmen. They are pleased that Swape has said it will join the International Monetary Fund (IMF) - which sent a delegation to Windhoek just before the elections - and welcome the fact that Swapo officials are looking at the newly industrialised countries of the Far East as models. A Swapo delegation recently visited Malaysia to study its investment

Namibia Real GDP growth (%)

Mandela increases contacts

said London continued to press for Mr Mandela's freedom, but denied newspaper reports that Mrs Thatcher had made a spe-

cial plea for a release before

Christmas. Mr Mandela is widely expec-

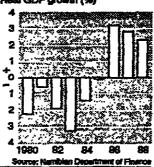
ted to leave prison early in the New Year, although the ges-

ture of a pre-Christmas release might appeal to the publicity-conscious Mr F. W. de Klerk,

the South African President, who last week met the ANC leader for the first time.

In the five days since his meeting with Mr de Klerk, Mr Mandela has seen a leading

black churchman — the Rev Frank Chikane of the South African Council of Churches —



desire to co-operate with the business community in Nami-bia, which is dominated by Consolidated Diamond Mines, a De Beers subsidiary, and Rossing Uranium, controlled by RTZ. Senior members of the Swapo executive have already held talks with both compa-

But those who believe that Swapo's commitment to socialism remains intact despite recent rhetorical amendments need look no further than the party's election manifesto. The manifesto speaks of bringing about a "change in ownership patterns" to redress a legacy of "denial, exclusion

Swapo officials stress their It says the state must own "a

significant part of the country's economic resources" and promises land redistribution to correct the effects of the colo-nial policy of racially-based land allocation.
But the manifesto also foresees no large-scale nationalisa-tion of mines or farms, and speaks of establishing a balance between "just economic returns for the Namibian peo-

ple and reasonable profits for...investors".

Swapo is known to be considering increasing taxes paid by the mining houses.

But taxes of one form and another already absorb 70 per

cent of CDM's profits; and Mr Andreas Guibeb, a member of Swapo's five-man economics team, says: "You can't raise taxes while also expecting min-ing companies to shoulder their social responsibilities in terms of employment cre-Mr Guibeb says the need to

create jobs for Namibia's estimated 1.5m population - more than 40 per cent of the labour force is currently unemployed - is also behind Swapo's poiicy of land redistribution. Mr Gurirab puts the point more forcefully: "The struggle was not just about freedom. It was about land and wealth. Ninety per cent of Namibia's people live on just 15 per cent of the land, Whites recognise

10 years ago, has proved a sobering one for Swapo. Even if Swapo could persuade donors to provide aid funds for land redistribution -

which is far from certain - the sums involved would be enormous. Mr Gurirab says Swapo is not rushing into a land reform programme; but eventu-ally it hopes to buy out absen-tee landlords, and some of those with more than one Eventually, too, it aims to

reduce dependence on South Africa: at present some 90 per cent of Namiblan imports come from, or through, South Africa. But with Namibia's only trading port, Walvis Bay, con-trolled by South Africa, such dependence must continue well into the future.

Tamibia is also likely to remain a member of the Southern African Customs Union - which this year contributed R450m (£109m) to government revenues - though Swapo will try to renegotiate the terms of its participation.

But Swapo may well opt to leave the rand monetary union, and create its own currency, though linking the cur-rency to the rand remains an

Ironically, both Swape offi-cials and those in the colonial administration agree that Namibia has the potential to become an African success story — despite the loss of direct South African budget aid of R800m in 1988/89 and R80m in 1988/89

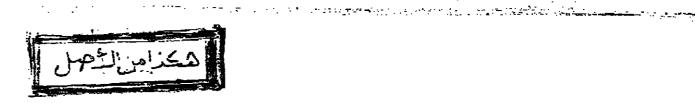
R80m in 1989/90.

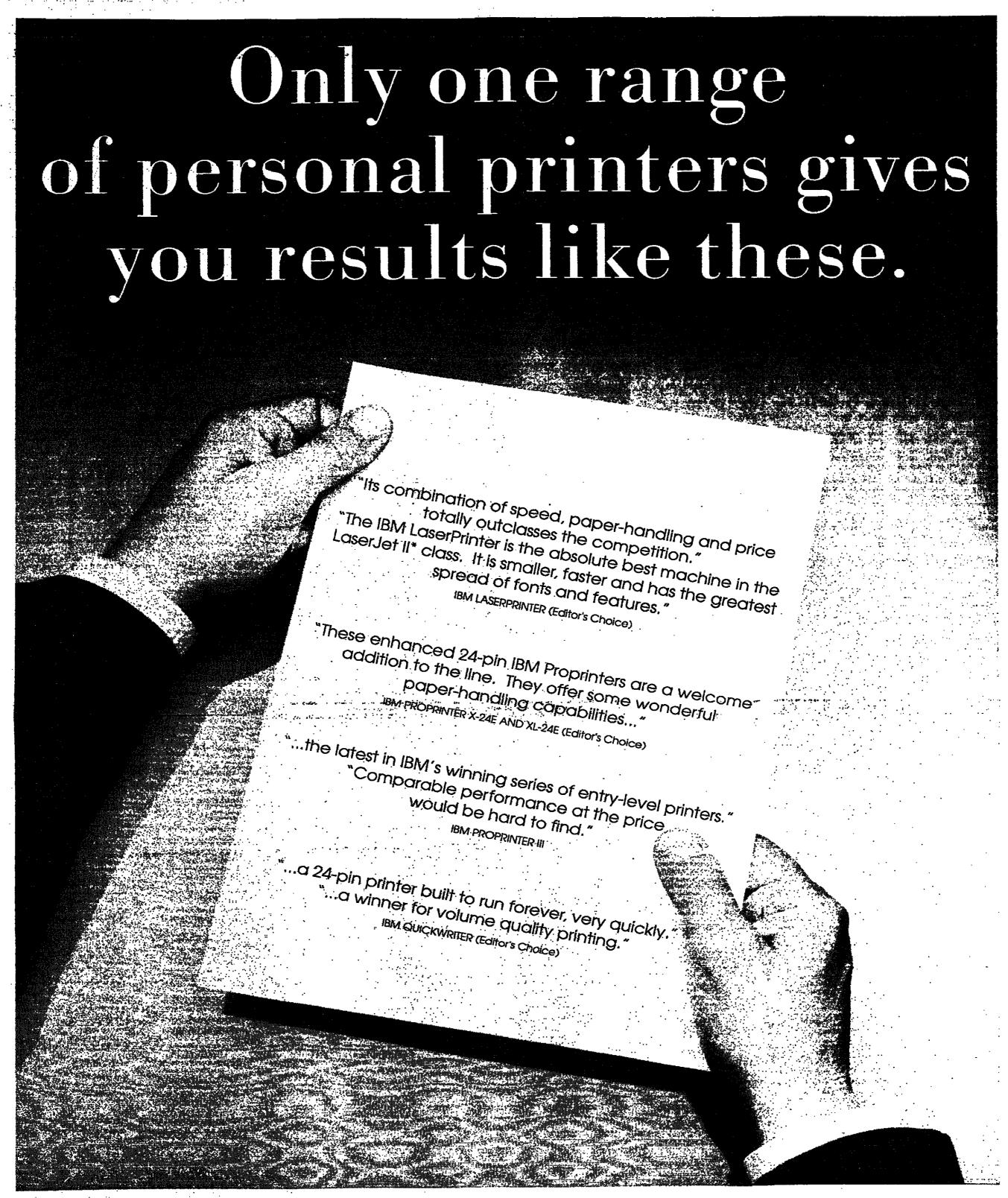
It has superb infrastructure, a larger number of graduates than post-independence Zambia or Botswana, and a store of international goodwill which should translate into substantial aid funding.

41

But donors may wish to keep a close eye on how aid funds are spent, given Swapo's past record: for years, the United Nations paid Swapo to support 80,000 refugees of the war with South Africa; but when peace was declared only half that number returned to Namibio number returned to Namibia, and Swapo has failed to explain the discrepancy.

And aid funds alone cannot guarantee the 5 per cent eco-nomic growth which Namibia will need to keep pace with its 3 per cent population growth rate. That can only be assured if Swapo can avoid the policy mistakes of the rest of the continent. With three decades of African disaster stories to learn from, that ought not to





What you see here are reviews, from PC Magazine, of the latest members of the IBM Personal Printer range. (True, these are but snippets of the full text: modesty restrains us from reproducing them in their entirety).

The reviewers were careful to note a number of things. They noted the price/performance of the

IBM printers. They noted the connectivity and quality of construction which are features of every printer we produce.

It may be worthwhile, however, to draw attention to something which they did not have time to experience. Reliability. The capacity to keep on producing impeccable results day after day, month after month. It's what we design our printers to do. And you can quote us on that.

If you would like to know the full story on IBM Personal Printers (or indeed, if you would like to read the full text of the reviews quoted above), please phone Peter Phelps at the IBM National Enquiry Centre on 0800 181182. "I think, therefore IBM."

\*Trademark of Hewlett-Packard.

### AMERICAN NEWS

### Consumer prices rise 0.4% despite static inflation

US CONSUMER PRICES rose 0.4 per cent in November, leaving the inflation rate for the year unchanged at 4.6 per cent. Half the most recent increase, however, was related to the record-breaking cold spell over most of the US, nich has driven up the prices of fresh foods and heating

The figure is therefore unlikely to cause undue concern for the Federal Reserve open market committee, which

is in session today.

Mr Alan Greenspan, The Fed
chairman, has stressed in past
Congressional evidence that he
does not believe that monetary policy should react to price increases arising from natural

The financial markets had been looking for a 0.3 per cent price increase. The other

details of the index reveal little change in past trends, except in the very volatile clothing index, which rose only 0.1 per cent, after rising 2.7 per cent in the previous two months, and falling earlier in the year. Health care costs, which are causing much concern in industry, continued their rapid inflation, with a 0.8 per cent rise in the month, maintaining an annual rate of nearly 10 per

The Department of Commerce announced a 4.7 per cent fall in housing starts in November, to 1.38m, 13.1 per cent below the same month in 1988. Building permits were slightly lower at 1.33m, but the year-on-year fall, at 11.1 per cent was slightly lower. Starts had risen strongly by 12 per cent in October, and some relapse was expected.

levy "user fees" of 1 to 2.5 per cent on recreational vehicles, off-road vehicles and other

camping and outdoor equip-

The money will be used to

help fund a variety of environ-mental and recreational pro-

grammes. Such "user fees" are not regarded by the adminis-tration as new taxes within the

Mr Bush's "no new tax es"

### Bush signs budget cutting \$14.8bn from US deficit

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday signed the Budget legislation for the current fiscal year which cuts the Federal deficit by \$14.8bn to within the statutory target.

The signing of the legislation yesterday also introduces a variety of tax changes affecting arbitrage profits and leveraged

buy-outs.
The White House yesterday confirmed that the president was considering proposals to

**Security tightened on courts** 

US COURTS tightened security and the FBI warned black rights groups about possible attacks by white supremacists after a black politician was killed in the second mall-bombing in three days in America's Deep South, Reuter reports from Atlanta.

The Federal Bureau of Investigation yesterday said its agents found "strong similari-ties" between the bombs that

killed black lawyer Robert Rob inson on Monday in Savannah, Georgia, and federal judge Robert Vance, a white liberal who died on Saturday at his home near Birmingham, Alabama. A third package bomb dis-covered in the mail at the

Atlanta appeals court – to which Vance was appointed by ex-president Jimmy Carter 12 years ago - was removed and disarmed with no injuries.

### US and Panamanian troops put Mexican debt deal on alert following shootings

TROOPS of the US Southern Command in Panama and of the Panamanian Defence Forces (PDF) have been placed on full alert after separate inci-dents in the past four days in which a US army officer was shot and killed and a Panama-nian traffic policeman was nian traffic policeman was injured, writes Tim Coone. Tensions between the US and Panama have been compounded by the weekend nomination of Panama's strongman

General Manuel Noriega as head of state. He formally displaces Mr Francisco Rodriguez, his hand-picked, but largely cosmetic president, who was sworn into office just 10 weeks ago.

General Noriega now has virtually untrammelled powers in Panama, controlling the 515-member Popular Assembly which was appointed last Sep-tember by General Norlega's

Revolutionary Democratic Party (PRD), having purged the PDF following a nearly successful coup attempt in October, by controlling via the PRD the judiciary and now by formally taking control of the executive office of government.

The US Central Intelligence Agency (CIA) has pressed President Bush for fewer restrictions on covert operations following the failed October coup attempt, raising speculation that another US-backed attempt may shortly be made to forcibly depose General Norlega.

A further possible flash point is the appointment of a new administrator for the Panama Canal at the beginning of next month.

Under the 1977 Panama Canal Treaty, a Panamanian should take over the post and

The final appointment however rests with the US Presi-dent and Senate. General Noriega's candidate, Mr Adolfo

Duque, has already been rejected by the US. He is the cousin of Mr Carlos Duque, the PRD presidential candidate in the fraudulent elections of last May.

On the December 5 the White House announced that it has requested that the existing Deputy Administrator Mr Fernando Manfredo carry on as an acting administrator until "a legitimate Panamanian government exists and proposes its candidate."

Mr Manfredo was one of the Panamanian negotiators of the Panama Canal Treaty and is widely respected both in Pan-

## likely to be delayed

By Stephen Fidier, Euromarkets Correspondent

SIGNING of Mexico's new debt package by the country's com-mercial bank creditors appears likely to be delayed at least until late January as the deal continues to be beset by com-

At the latest count, 400 banks representing some \$47bn of the \$48bn in medium and long-term loans covered by the transaction are said to have reassaction are sain to have responded, bankers say.

But only about 9 per cent of banks, excluding Mexican landers, have agreed to put up new money, menning there will be a shortfall in the official support for the remaining two options in the negations. in the programme.

Under these two options, banks swap their outstanding loans for bonds carrying either a fixed rate of interest or a 35 One of the last big bank creditors - Lloyds of the UK - has at last agreed to join the package, having decided to take the fixed-rate bonds.

take the fixed-rate bonds.
Lloyds had once been considered a likely new lender and its decision not to make new loans will be regarded as disappointing by the deal's aponsors.

The delay between the agreement announced in principle in July and the likely completion date has worried some observers, and is partly down to the

date has worfied some observers, and is partly down to the
deal's complexity.

Important matters remain to
be resolved: a bridging loan
from large bank creditors,
which will serve to bring forward enhancements, has yet to
be agreed among leading bank
creditors, and it is not know
yet how any shortfall in yet how any shortfall in enhancements will be made up.

### Poll gives **Sandinistas** lead in Nicaragua

By Tim Coone in Managua

THE latest independent opinion poll in Nicaragua on voting intentions for next February's general elections, gives the ruling Sandinistas a 17point lead over the US-backed opposition alliance UNO. The survey was carried out

at the beginning of this mouth by the Washington-based Greenberg-Lake Analysis Group. The results have just been released in Managua and show the Sandinistas leading with 44 per cent, UNO trailing with 27 per cent, nine smaller parties gathering only 6 per cent between them, while 23 per cent are still undecided. According to Dr Stanley Greenberg, the president of Greenberg-Lake, support for the Sandinistas is holding very firm, while up to a third of potential UNO voters could

shift their vote to another pres-idential candidate. Ending the war in the country is the "most important problem for the new president to work on" for 47 per cent of



### Grenada's premier dies, aged 71

By Canute James in Kingston

MR Herbert Blaize, Prime Minister of Grenada, died yes-terday, three months before he would have contested a gen-eral election that he was

eral election that he was expected to loss.

No official cause of death was given, although the 71-year-old Prime Minister had long suffered from a prostate gland disorder for which he frequently travelled to the US for treatment. He had been confined to a wheelchair for the last three years.

Two weeks ago Mr Blaize, a conservative, launched a new political party after the disin-

conservative, launched a new political party after the disintegration of the New National party, a coalition he led to victory five years ago. This followed the 1983 US military invasion which toppled a junta that took over the Caribbean televid of 165 000 people after island of 105,000 people after murdering Mr Maurice Bishop, the Prime Minister, and half

Sir Paul Scoon, Grenada's governor general, was last night arranging to appoint a successor. Government offi-cials said the choice could be Mr Keith Mitchell, leader of

the opposition. Mr Blaize had a turbulent political career, heading the Government on three occa-sions between 1960 and 1987. His return to office in 1984 was made possible by support from the US and neighbouring conservative Caribbean gov-

In recent months Mr Blaize stoutly refused to step down in the face of the break-up of the

## Central America takes a gamble

Tim Coone on the summit concessions made by the region's leaders

F there was a winner in the recent Central Ameriacan presidential summit, it was undoubtedly President Alfredo Cristiani of El Salva-

He returned home with an unequivocal statement of support from the region's other four presidents, including Mr Daniel Ortega, the left-wing president of Nicaragua. The Farabundo Marti National Liberation Front (FMLN) in El Salvador was exhorted to end its guerrilla offensive, declare an end to hostilities, return to negotiations and demobilise forces.

The onus was thus placed upon the FMLN and not President Cristiani to end the 10year civil war. The summit came down in favour of the negotiating terms offered by the Government and not by the FMLN.

In practice, the war is likely to continue given the FMLN's resilience, but the summit dealt a hard political blow to the guerrillas. Their closest ally in the region, the Nicaraguan Gov-

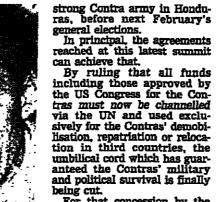
ernment, has now publicly dis-

tanced itself from them. Nica-ragua cannot be caught again

supplying arms to the FMLN

territory as an FMLN logistics base, or the Central American peace accords are liable to collapse. This will limit the FMLN's room for manoeuvre. How was this achieved, when, just a fortnight before, El Salvador had broken relations with Nicaragua over the latter's alleged supply of muni-

Nicaragua's overriding con-cern is to eliminate its own guerrilla enemy, the 12,000-



or acquiescing in the use of its

tions and weapons to the FMLN for its November offen-

By ruling that all funds including those approved by the US Congress for the Contras must now be channelled via the UN and used exclusively for the Contras' demobilisation, repatriation or reloca-tion in third countries, the umbilical cord which has guaranteed the Contras' military and political survival is finally For that concession by the other presidents, and espe-cially Honduras, Nicaragua was prepared to sign an agree-

ment which weakens the FMLN. The problem continues, however, to be one of compliance. The US Government has announced it will respect the agreement on channelling food, medicines and other materials to the Contras via

Finance, though, will continue to go directly to the Nicaraguan rebels. Honduras is thus obliged to seal off the base camps of the Contras, (many have scattered to smaller camps along the Nic-araguan frontier) to block aid which could maintain them on Honduran territory. The ambiguous attitude of

Honduras to the rebels, and a new government coming to office there in January, raises doubts as to whether the Honduran armed forces will be willing or able to implement their part of the agreement.

Nicaragua's only guarantee of Honduran compliance is its litigation proceedings against Honduras in the International Court of Justice at The Hague. The two sides have now given each other six months to come to an extra-judicial agreement. This gives Honduras the poss bility to procrastinate until after the Nicaraguan elections, to await their result and then decide what to do. This is the least favourable

outcome for Nicaragua. If a Sandinista electoral victory were to be challenged, the Con-tras would continue to be an opposition bargaining chip. In such circumstances, it would not be inconceivable for Nicaragua to continue turning a blind eye to small aircraft ferrying arms from its territory

to the FMLN in El Salvador.

the people surveyed.

### **WORLD TRADE NEWS**

### EC bid to wrest back initiative in farm talks

By Tim Dickson in Brussels

MR GUY Legras, the European Community's top farm policy civil servant, will this morning attempt to wrest back the ini-tiative on agriculture in the international trade talks known as the Uruguay Round. In a major speech to mem-bers of the General Agreement on Tariffs and Trade (Gatt) in Geneva, Mr Legras will for-mally unveil the EC's latest Global Negotiation Proposal agreed by Foreign Ministers of the Twelve in Brussels early

yesterday.

Already widely leaked, the framework paper flatly rejects the US call for a virtual elimination of farm subsidies by the end of the century, in favour of a gradual though unspecified reduction over five years but it offers what Brussels considers a significant concession on "tariffication", the buzz-word for turning variable sup-ports into fixed tariffs, making

them more transparent. Senior EC officials insist that their latest ideas for reforming agricultural trade are both pos itive and realistic. But they want the rest of the world to be clear that there are some principles from which Brussels will

not budge.
One of these is the Community's fundamental right to regulate prices and maintain the dual pricing system which protects Community farmers from the vagaries of the global

market place.
"Even the most liberal countries have to be sensitive to the need to keep these mechanisms so as to avoid disorderly condi-tions," one official said. "A situation where producers have to cope with a wheat price of \$60 a tonne one moment and \$160 a tonne the next, is unac-

For this reason, the EC rejects solutions which envis-age pure "tariffication" or the full "de-coupling" of agricul-tural subsidies from price sup-

port.
The EC paper contains three major ideas. The least novel is its adherence to the so-called Support Measurement Unit as an aggregate measure of support covering all direct and indirect subsidies. Brussels believes this is justified on economic grounds and to ensure a

"balanced" outcome to the

Next, there is the "first stage" commitment to reduce subsidies over five years, to be reviewed after four years in the light of world market

The precise figure would not be fixed until the final stages of the negotiations, but offi-cials give no clue at this stage about what they have in mind. "We want to go down to the point where world markets are point where world markets are in balance," said one, adding that much depended on overall demand and population growth over the next few years.

Figures of 10-15 per cent cited in the French press are firmly denied. It is pointed out that these are the commitments made by the EC for respectively reducing crop and animal product prices over the period 1986 to 1990. Finally, there is tariffication

and the Community's first for-mal acknowledgement that it is prepared to embrace this concept. Officials make clear that there is no question of total tariffication, and that Community import tariffs will continue to have a variable element reflecting currency and other distortions on world mar-

As a quid pro quo, moreover, they insist on the right to "rebalance" agricultural protection in those sectors where it is weak. Brussels says this would be in the interests of would be in the interests of other Gatt countries, and cites the example of cereals, con-sumption of which in the EC as animal feed is undermined by imported grain substitutes, thereby swelling the cereals surpluses exported to world markets markets.

Another key EC tactic in this regard is to force the US to throw its direct income supports (known as deficiency payments) into the "tariffica-tion" pool.

Neatly turning adversity to his advantage, one official points out that the soon-to-beannounced Gatt panel criticising the EC's oilseeds payments as "completely protected from the world market" could be equally applied to the US system of deliclency payments.

### **Japanese** respond to Miti advice on imports

By Stefan Wagstyl in Tokyo

electronics companies have announced plans to boost

try's trade surplus.

They have responded to pressure from the Ministry of International Trade and Industry (Miti) which approached about 50 of the biggest exportant to memorate them to improve

longer. Toyota and Nissan and other carmakers were among the first to announce importenhancement programmes. They have been joined by Mat-sushita Electric, Toshiba and Mitsubishi Electric.

imports to about Y200bn. It would also boost output from foreign subsidiaries and raise imports from them to Japan. Matsushita said it was doubling in the control of the c Matsushita sald it was dou-bling imports from Y200bm to Y400bm by 1993. Mitsubishi pledged to increase imports. Toyota has said that in the 1992 financial year, imports would total Y300bm, 150 per cent more than in 1988. Niesan intends to double imports by 1992. By the late 1990s it plans to reduce the ratio of exports to total domestic production to 30 per cent from 60 per cent in 1985.

instructions, informally it had.

A Miti official denied pressure on companies. The ministry had only encouraged them to follow its advice. "In principle we helieve in the market ple, we believe in the market mechanism. But when we see imperfections there, we feel we should intervene," the official said. He denied the ministry was moving towards managing trade. Companies were free to choose if they followed Miti

The second of th

THREE of Japan's largest

imports in a bid to alleviate foreign criticism of the coun-

ers to request them to increase foreign purchases. Miti has carried out its campaign amid concern that the steady decline in Japan's sur-plus might not continue much

Toshiba made the most forthright pledge, saying that by 1933 it would freeze exports at below the 1988 level of Y896bn (£3.8bn) and double

Miti's move was seen by some companies as an attempt to re-assert its authority, taking advantage of trade friction to re-establish the power of "administrative guidance". One electronics company executive said that while the ministry had not formally issued

## Europe groups fight to win Taipei rail orders Companies fear the US will be given preferential treatment, John Elliott writes

orders.

European company to have obtained a major equipment order (worth NT\$8bn) on the first NT\$960n stage of the project, although Cable and Wireless of the UK has a NT\$700m order for communications systems. GEC and Balfour Beatty are among British companies competing for large

The rail network is intended to ease Tainer's chronic traffic congestion after years of plan-ning delays. It is one of a series ming delays, it is one or a series of huge infrastructure projects planned by the government which could involve expenditure of NT\$2trillion (million million) by the year 2000 on traffic projects alone. Five other metropolitan rail systems are being considered.

The start of construction in Tapei, however, is up to one year behind schedule, partly because of problems involved in acquiring land and consequential layout changes. Delays have also been caused in interestical light problems. by international civil engineering contractors refusing to tender for construction of a NT\$1.5-NT\$2bn elevated section because there is a serious

shortage of labour.
The government is anxious to attract foreign hidders because it wants Taiwan to acquire new technology. To facilitate technology transfer, local partners have to be

Light Taylor of France is the only

Light Taylor of France is the Two main rapid transit lines are planned, totalling about 60km, plus branches. Designed with heavy steel rails and wheels similar to the Hong Kong and Singapore systems, they would involve lengths underground and on the surface as well as elevated sec-

tions. There is also a 20km ele-vated light rail system. The first stage involves 23km of rapid transit on part of what is called the Tamshui line, northwards from the city centre, plus the main part the light rail system called the Mucha line.

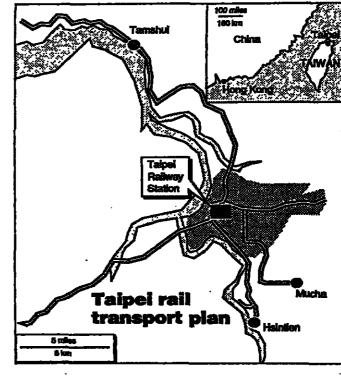
Matra's NT\$8hn order, won

last July, was seen as a signifi-cant breakthrough by Euro-pean companies against the US which is trying to secure incra-tive equipment contracts as part of its attempts to force Taiwan to reduce its bilateral trade surplus. Last year the surplus exceeded \$10bn. Matra won a turnkey contract covering all electrical and mechanical work on the Mucha line. Its competitors included Westinghouse of the US, GEC of the UK, and Hitachi and Mit-

subishi of Japan.

The main controversy has centred on the Tamshui line where the government forced its Department of Rapid Transit Systems to restrict con-tracts for rolling stock and sig-nalling to US companies. But prices initially submitted by three US groups for rolling stock were well above esti-

mates and ranged up to around NT\$6bn. NT\$6bn.
Eventually, at the end of September after some design changes, a NT\$4.4bn order for 132 railcars went indirectly to



Japan as well as the US through a joint venture called United Rall Car of the US which includes branches of Kawasaki Rolling Stock and Nissho Iwai, Four sets of railcars are to be made in Taiwan to assist technology transfer. Bids from US companies for signalling work that will cost over NT32hn are now being

Following pressure from European companies, bids to be called next year for rolling stock costing NT\$4bn-NT\$5bn on the second stage of the sys-

manufacturer Nissan against

other EC restrictions on Japa-

tem will be submitted by European companies, including GEC-Alsthom's Metro Cammell, as well as by the US.
GEC is also chasing a contract worth approaching NT\$3bn for power supply installations at 33 stations. Its competitors include Brown Boveri of Sweden, and AEG and possibly Siemens of West

Germany.

Balfour Beatty's Henry Boot subsidiary is bidding in a consortium with Gammon Construction of Hong Kong and a local partner for a track work

contract expected to be worth NT\$1.5-NT\$2bn on the first stage. Other bidders are Heitkamp of West Germany, Mont-cocol of France and Travaux du Sun Ouest, also of France. Another civil engineering contract worth NT\$2.6bn, for tunnelling work on the first stage, has gone to a joint ven-ture of Samsung of South Korea, Zublin of West Ger-many and International Engineering and Construction of

But companies from various countries including Japan, Korea, the UKand US declined earlier this year to bid for a labour-intensive civil engineering contract on an elevated section of stage one, because of Taiwan's acute labour short-

Taiwan's acute labour shortage.

The government has now agreed to allow labour to be imported on a strictly limited basis, probably from countries such as Thailand, the Philippines and Indonesia. Taiwan wants to obtain foreign technology on the contract, so international bids are to be invited again soon. If there are again no bids, the contract again no bids, the contract might be split into smaller packages for local civil engimeering contractors.

The entire project is being financed by the government with no borrowings, according to Mr Benjamin Chi, directorgeneral of the Rapid Transit Department.

Taiwan's central government is providing 50 per cent of the funds. The rest is coming from the city and provincial govern-ments which will jointly own and operate the system through a public sector operat-ing company.

## Mitsubishi to spread EC investments

By James Buxton, Scottish Correspondent

THE decision of Mitsubishi Electric, the Japanese electronic and engineering company, to locate a semiconductor manufacturing plant in West Germany as opposed to other locations is due to the company's desire to spread its major investments in the EC. The company's decision last week to invest \$284m in a plant making semiconductors at Als-dorf near Aachen has dis-mayed other countries which had hoped to win the plant, including Scotland, where Mitsubishi already has two assembly plants.
Mitsubishi is understood to

Mitsubism is understood to wish to achieve a "corporate balance" in its activities in the EC. Miti, the Japanese trade and industry ministry, wants Japanese companies to spread their investments widely in the EC in regard the sensitivity of

nese car imports.

The Mitsubishi plant is for the integrated manufacturing of semiconductors including volume production of 4 mega-bit Dram (dynamic random Japanese companies to spread their investments widely in the EC in view of the sensitivity of the issue of Japanese competition in the EC.

The UK has about 25 per cent of all Japanese investment in the EC and had to fight hard on behalf of the Japanese car

## to Gulf states on trade THE European Community

Community agrees to talk

THE European Community yesterday agreed a mandate for negotiations on a free trade agreement with Arab states in the Gulf to supplement a preliminary trade and co-operation pact signed last year, Reuter reports from Brussels.

The six member states of the Gulf Cooperation Council (GCC) have been urging the Community to lift tariffs on their petrochemical, refined and aluminium products to help narrow a trade deficit that

totalled \$4.4bn last year.

Under the free trade agreement, whose mandate was approved by EC foreign ministers at a meeting here, the 12-nation Community would scrap all customs duties on Gulf imports except those applied to designated sonsitive products.

The GCC, for its part, would phase out customs duties over 10 years with the exception of those covered by special safe-guard arrangements.

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FUJI BANK (DEUTSCHLAND) AKTIENGESELLSCHAFT .

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### Commonwealth of Australia

131/2 per cent. Loan Stock 2010 9½ per cent. Loan Stock 2012 113/8 per cent. Loan Stock 2015

> Notice of intention to conduct a reverse tender offer

Notice is hereby given of the intention of the Commonwealth of Australia to purchase some or all of the principal amount now outstanding of its 13½ per cent. Loan Stock 2010, its 9½ per cent. Loan Stock 2012 and its 11½ per cent. Loan Stock 2015 (each a "Stock" and together the "Stocks") by means of a reverse tender offer (the "Offer") to be conducted on its behalf by S.G. Warburg Securities, as Tender Agent.

It is presently intended that the Offer should take place no earlier than the week commencing 15th January 1990. Full details of the Offer, which may be made in respect of all or any of the Stocks, will be announced not less than 7 days before the date upon which it is to be made.

As at the date of this Notice the following principal amount outstanding of each Stock is:

Principal amount outstanding Pounds Millions 85

131/2 per cent, Loan Stock 2010 912 per cent. Loan Stock 2012 11% per cent, Loan Stock 2015

The Commonwealth of Australia will refrain from any market activity in respect of the Stocks pending the completion of the Offer. The Commonwealth of Australia has confirmed that it does not intend to make any further Tender Offers for the Stocks (or any of them) in the

A copy of this Notice is being sent to holders of record of Stock in registered form whose names appear on the relevant Stock register as at the close of business on 19th December 1989.

S.G. Warburg Securities on behalf of the

Commonwealth of Australia

### faces writ over loss of £304m

**Outhwaite** 

By Patrick Cockburn

SOME 814 members of the Lloyd's of London insurance market yesterday started the largest single legal action ever brought by Lloyd's members over the loss of £304m by the troubled Lloyd's underwriter

the 1.614 Lloyd's members, or Names, who were members of Outhwaite syndicate 317/661 in 1982 have already had to pay £94m and are likely to face further heavy losses.

The list of members of the syndicate bringing the action includes many well known names such as Mr Edward Heath, the former Prime Minister. Mr Patrick Sheehy.

Membership of Lloyd's was especially popular among wealthy individuals in the late 1970s and early 1980s and they include Mr Tony Jacklin, the golfer, Miss Virginia Wade, the former Wimbledon termis champion, as well as insur-ance professionals such as Mr Ray Pettitt, chairman of

dicate has lost £900,000.

Mr Peter Nutting, chairman of the committee of Outhwaite

adopting an attitude of "pay up or shut up". Lloyd's itself says it is in the early stages of assessing the feasibility of providing a gen-eral insurance vehicle to meet the liabilities. Mr Lawrence wrote to the Outhwaite names in September asking them not to resort to litigation in order to give Mr Mark Littman, QC, the Lloyd's appointed concilia-tor, a chance to arbitrate. Mr Nutting said that the case brought by the Names was simply that Mr Richard Outhwaite was negligent in 1981, and 1982, when he agreed some 40 contracts with other Lloyd's syndicates under which his syndicate 317/661 assumed their liabilities in the

Mr Nutting said that Mr Outhwaite, a marine under-writer, had admitted not inquiring about the potential insurance losses from asbestos from a Lloyd's working party on the subject in 1981-82. He emphasised, however, that the centre of the case against Mr Outhwaite was that the so-called run-off contracts were all similar risks and if one went wrong then all would

be similarly affected.

These losses so far total £304m, of which £135m is covered by reinsurance, leaving Names to pay £169m, some £94m of which has already been paid in cash by syndicate members. Another £76m is covered by a letter of credit until next summer but will then have to be paid by the

names.

R.H.M Outhwaite said yesterday: "We have read the writ, which although inconsis-

### **UK NEWS**

### **COLLAPSE OF BARLOW CLOWES** Responsibility clouded by rotation of DTI officials

WHILE apportioning blame for the Barlow Clowes collapse, the Ombudsman's report the case.

The members say the Outhwaite agency, and the 81 members' agents who introduced them to it, were negligent in issuing contracts to other Lloyd's syndicates in 1981 and 1982 making the members lia-ble for heavy losses from asbestos and pollution claims in the US.

As these claims have escalated over the past three years the 1,614 Lloyd's members, or

ister, Mr Patrick Sheehy, chairman of BAT Industries, Mr John Ritblat, chairman British Land, Mr Robert Max-well, chairman of the Mirror Group and Lord Weidenfeld,

Minet, the insurance brokers. Losses for individuals will vary depending on the size of their financial commitment but a member 317/661 in 1982 with a commitment of £30,000 will have made a loss of £130,000 so far. One family with four members on the syn-

Names, said yesterday that they had no alternative but to issue the writs alleging negli-gence and wreckless underwriting. He accused Lloyd's and Mr Murray Lawrence, its chairman, of failing to arrange a settlement of the affair and

tent in many ways with the Names' counsels opinion, con-tains nothing unexpected." A spokesman added that they had a full defence against all

meaning that none would have

- like that of Sir Godfray Le Quesne before it - does not name those at the DTI who were responsible for handling

These are understood to have included Mr Roger Louth, the grade seven principal who directly oversaw the licensing unit; Mr Brian Hilton, who as under-secretary in charge of the Financial Services Division was ultimately responsible for the Department's licensing function under the Prevention of Frand (Investments) Act: and Mr Colin Lowry, an assis-

assess the part played by each in the affair. These officials would not have been involved throughout the period 1983-88, when the DTI considered and finally licensed Barlow Clowes, and would certainly not have been involved in the initial contact with the investment group in the mid-1970s: the DTI's policy is to move officials

tant secretary in the division.

It remains impossible to

been involved in the case for longer than this.

However, the three officials are believed to have been

instrumental in most of the important decisions in the

Clowes case.

The DTI's licensing operations began to creak noticeably as the 1980s progressed, according to an internal audit carried out in 1986. At that time, it was found to lack specialist or trained staff, and needed a "significant resource input" and closer relationships with consultants and the market.

Little was done, since the unit had only a year to run until its functions were taken over by other agencies as a result of the Financial Services The unit's weakness was

founded on its reliance on general administrators who were generally seconded to the job for three years. According to yesterday's Ombudsman's report, the unit was "small in number and its members had no special skills or training." roughly every three years,

It also appears to have been severely understaffed: between 1980 and 1984 its activities expanded threefold, while its staff grew from four to seven

staff grew from four to seven (increased to nine in 1985).

This has to be set against a 20 per cent overall reduction in staff numbers in the department over the period.

At its peak the licensing unit, under Mr Lowry, employed five executives and four clerks. An indication of the extent of the understaffing is provided by a comparison with the Stock Exchange's surveillance activities at the time. In 1985, the Exchange had 16 In 1985, the Exchange had 16 inspectors responsible for around 240 firms.

The licensing unit's nine staff were responsible for 700 firms and "a much larger num-

ber of representatives."
In addition, the DTI had no specific powers of investigation other than the general powers available under the Companies Act. The fact that Barlow Clowes until 1985 operated as a partnership was just one of the difficulties experienced by the

### Peter Clowes 'delighted' at the news

By Richard Donkin

MR PETER CLOWES was. according to his solicitor, "absolutely delighted" yester-day to hear that Barlow Clowes investors would be compensated.

'He has all along been very concerned, irrespective of what people have said about him, about the plight of the inves-tors," said Mr Ian Burton, his

solicitor. Mr Clowes said to be away yesterday from his cot-tage in Whitely Green, Wilmslow, Cheshire, the home owned by his wife, Pamela. They moved there from their previous residence in Poignton, one of the most exclusive villages in the north-west. It was at the Poignton house that he was arrested by police as he went out to collect his morning

newspapers in Jude 1988. He is still trying, through court action, to have the £1,000

a week he received until June this year restored after the payments were stopped by the joint liquidators. Mr Clowes, who faces charges of theft and of perverting the course of jus-tice, is on £300,000 bail, having assigned £25m assets over to the liquidators.

### Seasonal goodwill helps government

By Ralph Atkins

A SEASONAL burst of goodwill to all Barlow Clowes investors and of being nicer-than-normal to Mr Nicholas Ridley, Trade Secretary, broke out in the House of Commons yesterday.

MPs were unanimous in welcoming generous payouts. The air of sweetness was spoilt only by accusative snowballs from the Labour opposition. Mr Ridley made an unlikely Santa Claus. But Mr Stephen Day, Conservative MP for Cheadle and leading campaigner on behalf of investors, said that for them the announcement was "the most wonderful Christmas present

that they have ever received."
The Government's soft ride
was helped by timing. MPs
received copies of the 170-page

report less than half an hour before Mr Ridley's statement. Mr Gordon Brown, Labour's trade spokesman, launched a condemnation of the "clear and unmistakable evidence" of five counts of maladministration.

He complained of "feckless ness, gullibility and incompe-tence" by a Government which had ignored warnings of Bar-low Clowes' instability.

### British Rail's state subsidy cut in criticised new business plan

By Kevin Brown, Transport Correspondent

British Rail's subsidy is to be cut by 31 per cent to £345m (\$552m) over the next three ears, Mr Cecil Parkinson, the Transport Secretary, announced yesterday. The cut follows a reduction

in real terms of more than 50 per cent since 1983, and con-firms that BR will continue to be the least subsidised railway in Europe.

Mr Parkinson said Network Mr Parkinson said Network
SouthEast, the BR sector
which operates London commuter services, will lose all its
190m subsidy by 1992-93, and
must make a profit from 1995.
In addition, the InterCity,
Freight and Parcels sectors
were increased their ions must must increase their joint profits to £154m from £32m last year, and the loss-making Provincial passenger sector must cut its grant requirement to from £400m to £345m.

Mr Parkinson told the Com-mons the cut in subsidy, known as the Public Service

Operating grant, would not lead to big fare increases. How-ever, the announcement was immediately attacked by Labour and the rail unions. Mr John Prescott, the

shadow Transport spokesman, said Mr Parkinson was con-tinuing the "disastrous pennypinching approach" that the Government had adopted to BR since 1979. "Passengers are fed up with

paying the highest fares in Europe for a dirty, overcrowded, unreliable service," he said. "These latest cuts will mean higher fares and an even poorer quality of service."

Mr. Limmy Kneep constal

Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, said: "Another cut in the PSO means a major increase in fares, an increase in road traffic and congestion, and threatens essential safety measures like new signalling." Mr Parkinson's plans for BR

were amplified in the corpora tion's business plan, published after his statement, which shows that investment will total £5bn over the next five

Sir Robert Reid, BR chairman, said the plan was "ambitious," but could be fulfilled. "I believe that customers, in the next decade, will be able to enjoy a higher quality of ser-vice from a greatly improved railway system at a lower cost to the taxpayer," he said.

However, the plan assumes continuing real growth in the economy of around 2 per cent a year, and a substantial increase in demand for rail services - around 4 per cent a year on Network SouthEast. Sir Robert said there were

"many risks" in forecasting five years ahead, and warned slower economic growth might mean the Government's objectives could not be met.

### Warships contract goes to Tyneside

By David White and Ian Hamilton Fazey

SWAN HUNTER Shipbuilders

SWAN HUNTER Shipbuilders, the Tyneside yard, has won its way back into the Government's warship construction programme by clinching a batch order for three Type 23 anti-submarine frigates.

The order is reckoned to be worth more than £300m (\$480m). It was won against strong competition from Yarrow of Glasgow and Cammell Laird of Birkenhead, part of the VSEL group.

It is expected to sustain about 10,000 jobs over the next four or five years, including supply of weapons and equipment, and to secure the immediate future of Swan Hunter's 2,800-strong workforce.

Mr Peter Vaughan, a main director of Swan Hunter, which was privatised via a management buyout in early 1986, said it was 'a vote of confidence" which the yard intended to use to regain its place in export markets and hid for other British warships. Since privatisation the yard, trying to win back credibility, has cut its workforce by 1,700.

All but one of the previous seven Type 23 orders went to Yarrow, a subsidiary of the General Electric Company. Mr Michael Neubert, junior defence procurement minister, announcing the order in the Commons yesterday, sald it was won "fairly and squarely on commercial terms."

Officials said that if the

was won "fairly and squarely on commercial terms."
Officials said that if the order had gone to Yarrow it would have affectively removed competition for the current generation of frigates. This was not a factor in the contract decision, they said.
The first Type 28, the Yarrow-built HMS Norfolk, was recently accorded into the

recently accepted into the Royal Navy after trials. Swan Hunter is building the second of the class, HMS Mariborough, its sole previous order.

### **UK** hopes of slowing EMU raised

By Peter Norman. **Economics Correspondent** 

THE GROUNDWORK for next year's intergovernmental con-ference on European economic and monetary union has been put in the hands of a high-level committee of finance ministry and central bank officials, rais-ing British hopes of slowing the drive towards a single European currency and central bank.

The EC's monetary committee was charged with preparing the conference by economics and finance ministers in Brussels on Monday.

The committee comprises senior finance ministry and central bank officials from the member states some of whom are sceptical about the Delors proposals for moving towards a single European currency and

central bank. The committee is therefore expected to subject the ideas for economic and monetary union to rigorous scrutiny. The alternative would have been for the conference to be prepared by officials from member states' foreign ministries, many of which sympathise with the idea of a federal

Europe.
The monetary committee meets without fanfare virtually every month. The EC summit in Strasbourg agreed ealier this month that the IGC should

start before the end of 1990.

## Conservationists lose City building case

ARCHITECT Mr Peter Palumbo's controversial plan for the redevelopment of a site in the heart of the City of London conservation area has survived a challenge by conserva-

A High Court judge yester-day rejected a plea by Save Britain's Heritage for a ruling that the decision of Mr Nichothat the decision of Mr Micho-las Ridley, when Environment Secretary, to approve the scheme was unlawful. Save is to consider an appeal.

The scheme involves the demolition of eight listed and

other Victorian buildings at Number One Poultry, near Mansion House, the traditional Home of the Lord Mayor, and their replacement by a modern block designed by Mr James Stirling – likened by the Prince of Wales to "a 1930s wireless."

Mr Justice Simon Brown said that, when reaching his "unique" decision, Mr Ridley had recognised that the devel-

had recognised that the development was a test case, involving a departure from policy.

The crucial question had
been: should development for
the very first time be permitted merely because the architectural merits of the proposed
replacement building were better than those of the existing
listed buildings?



The block Prince Charles likened to a 1930's wireless

The judge said that enor-The judge said that enormous controversy surrounded the scheme; but whether the Stirling design was "a masterplece crying to be built, or a conservationist disaster" was not for him to say. His only concern was whether Mr Ridley's decision had been taken and expressed in accordance with the law.

Save had argued that it was

Save had argued that it was unclear what test Mr Ridley had applied and what criteria he had adopted – whether he had regarded the Stirling design as merely a worthy addition to the City or as wholly outstanding and thus

quite exceptionally falling outdate exceptionally failing out-side his stated policy.
"Save are concerned above all lest the Secretary of State's approach is not to be confined to this single historic case but is to be regarded as applicable generally up and down the generally up and down the country."

country."

The judge said that every-body had recognised that the developers' case rested exclusively on the wholly exceptional merits of the Stirling design, and once Mr Ridley had rightly decided that the merits of a replacement building wars a material consider. ing were a material consideration, the sole question had

been whether those merits overrode the presumption in favour of conservation.

Mr Ridley had clearly agreed with his inspector, though for different reasons, that the Stirling building would preserve the character of the conservation area as a whole. He had said that it would contribute more, both to the immediate environment and to the architectural heri-

and to the architectural heri-

tage, than the existing build-

tage, than the existing buildings.

The judge said that it had taken long and painstaking analysis of Mr Ridley's decision letter to persuade him of its true meaning.

"I cannot help wishing that the Secretary of State had made as immediately plain as the inspector both that he regards the presumption in

the inspector both that he regards the presumption in favour of conservation as a strong one ... and that it is only overridden here because of a combination of wholly exceptional circumstances: in short, that he appreciates the unique nature of this case."

The judge said that his judgment should set at rest Save's fears that the decision marked a sharp change in Government policy or might be regarded by planning authorities up and down the country as of general application.

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#### **UK NEWS**

### Pilot hours code to form basis of plan for Europe

By Paul Betts, Aerospace Correspondent

THE CIVIL Aviation Authority (CAA) introduced yesterday new rules to limit the duty hours of air crews following a series of disturbing reports of

pilots falling asleep during flight because of fatigue.

The new regulations will come into effect in the UK at the end of next May in time for the next summer season. How-ever, they will also form the basis of a broader European scheme to establish a common European standard on pilot flight hours by 1992, Mr Ronald Ashford, the CAA's director of safety regulations, said yester-

day. The UK has taken a lead on the UK has taken a lead on this issue because it has a far bigger commercial aircraft industry than other western European countries including a much bigger charter sector.

However, the new rules, which follow two years of intensive research, are expected to spark off a controversy with some pilots arguing for the control of th even tighter controls and some airlines claiming that they could further squeeze their financial performance. Captain John Mimpriss, of

the CAA's flight operations

being worked harder because of the general shortage of of the general shortage of pilots in the industry. Delays due to growing air traffic con-trol problems were extending the duty hours of pilots. The introduction of modern two crew aircraft capable of flying long distances had also put fur-

ther pressure on crews.

The CAA said some airlines were increasingly scheduling air crew duties very close to the authority's existing guide-

Unlike the previous voluntary guidelines, airlines will be forced to enforce the new rules.

● A minimum of 7 instead of 6 days off in any four weeks.

● Duty hours limited to 55 in any one week, 95 in two weeks and 190 in any month. There were no fixed weekly or two-week limits before and the monthly limit was 200 hours.

● Not more than three consecutive night flights, with a compulsory extended rest period before the first flight.

● The minimum day off rest time increased to 34 hours for fixed wing aircraft and 36 hours for helicopters. • A minimum of 7 instead of

Critics ask how green will be Conservative valleys John Hunt looks at charges of loopholes in a new environment bill as the party polishes its credentials RITICS of the Environment Protection Bill to be published today see it as a hotchpotch of measures

hastily thrown together to prove the Government's green credentials now the environ-ment has shot to the top of the political agenda.

The sceptics have a point.
The legislation includes reorganisation some say dismemberment of the Nature Conservation.

vancy Council and tighter controls on litter, genetically manipulated organisms, radio-active materials and a ban on straw burning. Environmentalists complain

that this is a far cry from the fundamental reforms needed to control emissions of carbon dioxide and other gases that could cause global warmingthe greenhouse effect.
Nevertheless the green billas it has become known-does

contain important provisions for stricter control of industrial pollution and waste.

These will have a direct impact on industry and waste disposal companies and the higher standards required will certainly add to costs.

The Government's main environmental proposals, which could include carbon taxes on fossil fuels and mea-sures for energy saving, will come in a White Paper (policy document) to be published in September.

Today's green bill does how-ever contain important provi-sions for stricter control of industrial pollution. These will have a direct impact on indus-try and waste disposal and the higher standards will certainly add to costs.

add to costs.

Discussions already underway cover energy efficiency and green taxes on polluting fuels of the kind suggested by Professor David Pearce, adviser to Mr Chris Patten, the Environment Secretary.

The present bill implements the Government's plans for integrated pollution control of big plants such as factories, chemical works, oil refineries and power stations.

The different forms of pollution will no longer be policed

tion will no longer be policed separately but will be dealt with by a single team from Her Majesty's Pollution Inspector-ate, the Government watchdog. Plant owners will have to obtain a "consent" authorising emissions and will be expected to use the best available tech-

nology so long as this does not involve exessive cost. Environmentalists see the exessive cost clause as a loop-hole for polluters. But inspec-tors do have the alternative of imposing stringent environ-mental quality objectives if necessary.

There will be a duty of care placed on producers of waste to icals will face heavy costs in ensure that they dispose of it bringing old plant up to stan-

legally and responsibly. It will be a criminal offence to breach that duty. Waste disposal operators will no longer be able to surrender a licence and leave a waste dump in a dangerous

The chemical industry, which has been a target for environmental campaigners, will be in the front line of the new controls. In fact the Chem-ical Industries Association (CLA) has long advocated a duty of care and already has a

code of conduct on waste dis-Unless the legislation is clear, multi-

nationals could avoid the UK when deciding where to establish new plants. They might opt for countries such as Germany where. regulations are strict but where there is great certainty in their operation. posal for its own members.

The CIA is anxious that new measures do not prove too complex and difficult to implement. Unless the legislation is clear multinationals could avoid the UK when deciding where to establish new plants. They might opt for countries like Germany where regula-tions are strict but where there is certainty in their operation. As in other industries, chem-

aquatic environment" under water privatisation. Dr Richard Pentreath, chief scientist at the NRA, complains that the bill will remove the authority's direct responsibility for over-seeing dangerons discharges and will give it to HMIP.

"I think the NRA is going to be greatly disadvantaged," he said recently. "The position which it has so rapidly built up as an independent and efficient

dard to meet the new requirements. Mrs Diane Brown,

senior environment executive at the CIA, says that integrated

pollution control will involve a lot of investment in new tech-

as an independent and efficient guardian of the environment will be undermined."

The policing of domestic waste disposal will be taken over by the new waste regulatory authorities run by the county councils. But unlike the old waste disposal authorities which they replace they will no longer be able to run their own waste disposal plants at the same time as regulating them. This poacher and game-keeper role disappears.

Instead, domestic waste disposal will be run by limited companies owned by the local authority but operated at "arms length." These will have to compete with private disnology in the coming years.
There is also worry about
how effective the pollution
inspectorate will be in policing the legislation. And there is also confusion and some overalso confusion and some over-lap with the responsibilities of the new National Rivers Authority (NRA) set up to be the "the guardian of the "arms length." These will have to compete with private disposal companies for business. The hill is generally welcomed by the National Association of Waste Disposal Contractors which has 80 members representing 65 per cent of the turnover in private sector waste disposal. The association recently introduced its own disciplinary procedure under

disciplinary procedure under which members can be fined 27,500 (\$12,000) or expelled for breaches of the code of prac-Mr Roger Hewitt, treasurer of the association and managing director of Shanks and McEwan, one of Britain's biggest waste disposal companies, cause that the magnifestance in the says that the regulations in the bill have long been needed and will give the industry a better

solicitors who specialise in environmental law says the reforms reinforce the trend towards more highly regulated, technically more sophisticated and expensive waste disposal. The higher costs will, he believes, encourage waste min-imisation and recycling.

imisation and recycling.

There will be no lack of opposition to the bill in both houses of parliament. It contains freedom of information provisions under which details of pollution by local companies must be kept on a register for public examination.

The details of the companies of the companies of the public examination.

public examination.

Mr David Gee, campaigns coordinator of Friends of the Earth, would like to see a broader obligation to provide environmental information and a general daily on business and industry in minimize waste. The Lahour party will attack the bill along these lines.

In addition Lord Combrook.

In addition Lord Crambrook, the Conservative Peer who is a leading environmentalist, has produced his own alternative environment protection bill which suggests the estalish-ment of an Environment Pro-tection Commission.

A similar proposal has already been made by the Com-mons Environment Committee and is favoured by the Labour will give the industry a better party. So an interesting cross-image.

Mr Richard Burnett Hall, a partner in McKenna and Co, the legislation.

### ICI starts studies for big effluent clean-up plants

By Peter Marsh

IMPERIAL Chemical Industries, Britain's biggest manufacturer, has started tech-nical studies on large effluent clean-up plants at its main production sites around Merseyside and Teesside. The studies could lead to spending of hun-dreds of millions of pounds on

the plants in the 1990s.

Mr Mike Flux, ICI's group environmental adviser, said facilities to clean up liquid wastes from the two sites were likely to be needed over the next few years to fit in with new, tougher legislation on the environment in both Britain and the European Community

He was speaking on the eve wastes into the of publication of proposals by sey estuaries.

the Government for a new package of environmental leg-islation. The so-called Green Bill, due to be published today, is expected to lead to more onerous standards on poliution control for UK manufacturing

The ICI sites, centred on Middlesbrough on Teesside and Runcorn on Merseyside, are kuncorn on Merseyside, are the company's biggest concen-trations of manufacturing worldwide. They make a large range of chemicals including fertilisers, plastics, specialist additives and inorganic materi-als such as chlorine-based com-pounds. The true stars channel. pounds. The two sites channel large quantities of chemical wastes into the Tees and Mer-

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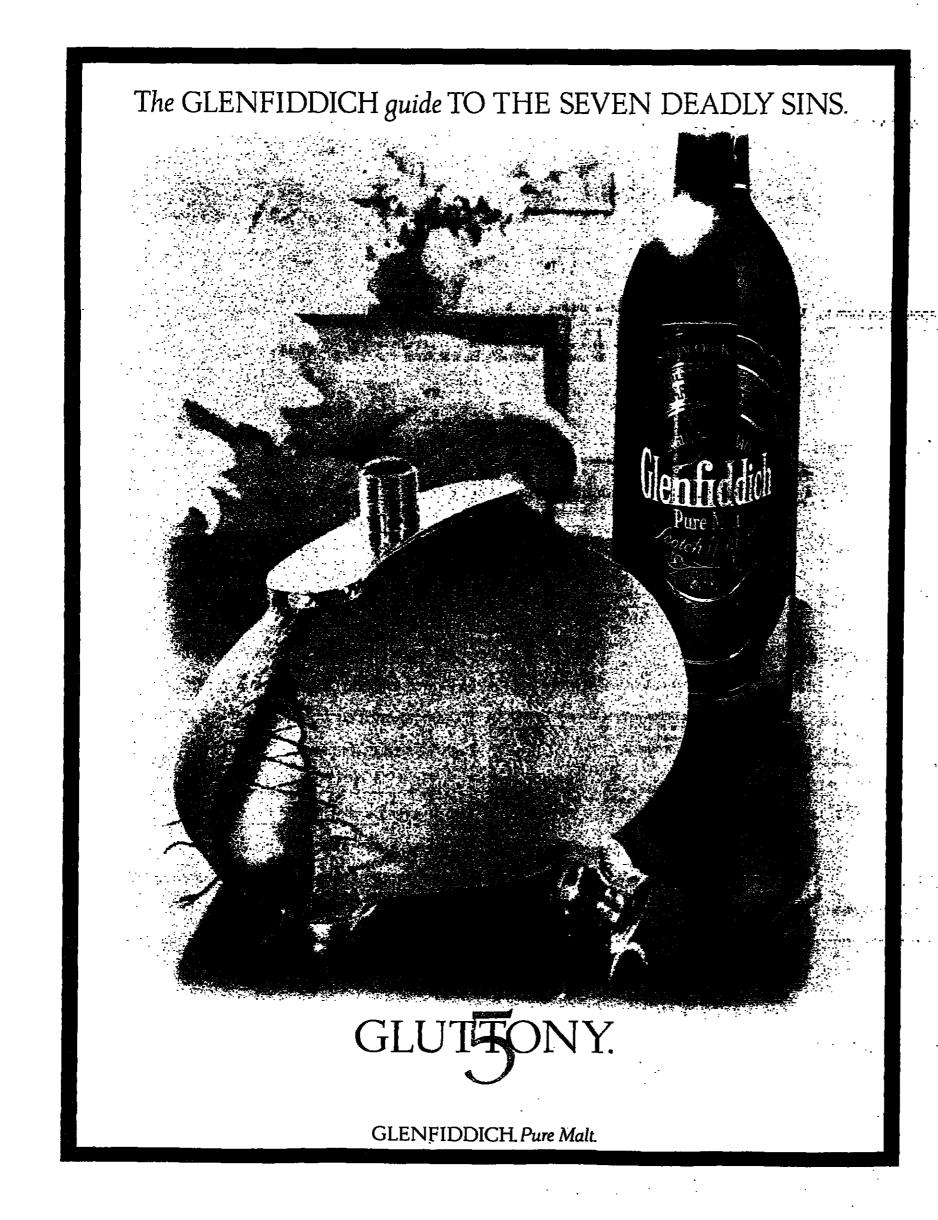
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FINANCIAL TIMES



**MERRY** 

## Where goodwill still prevails over budgets

By Michael Dixon



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budget so as to start the new year with a clean sheet. That was scarcely some That was scarcely something the Jobs column was eager to believe. So I called 14 outplacement consultants in various parts of Europe to check. Alas, all reported that business was on the whole good, most having the finesse — perhaps learned from undertakers — to add they were sorry to say so.

Nevertheless I'm glad to reveal that in Scandinavia the old spirit prevaits. While the old spirit prevails. While redundancies are increasing in Denmark, Norway and Finland, though not in Sweden, employers shun

sweden, employers shun announcing them in the run-up to Christmas.

The same applies in Italy.

"After all, we're Latins," I was told. "There won't be much talk here of work in any context till January 8."

Goodwill is also abroad in West Germany, Switzerland and the Netherlands, where outplacers uniformly report a December Iuli in business. Even so, the budget seems to be gaining in the struggle because the downturn is less

marked than in former years. In Britain and France, however, budgets evidently reign supreme. Outplacement consultants in both said it was a long time since they had come across a company with qualms about handing out redundancy notices in

out redundancy notices in the pre-Christmas weeks.

Nor, with one exception, did they see good reason why employers should hold their fire. A typical comment was:

"OK, if you tell them now, you'll be blamed for spoiling Christmas. But if you wait till January, they'll say you should have told them before so they wouldn't have spent so much money. Either way, if they have to go, there'll be no joy in it for them. So it's only sensible to do it when only sensible to do it when its best for the organisation."

As far as the Jobs column can see, there's no flaw in the logic of that argument. It just misses the entire point.
Fortunately, I hear that
there is at least one young
man who did find joy in
being fired. While padding in his suede shoes along the top-floor corridor of a British

group, he came face-to-face with the tycoon who runs it. Glaring, the chief beckoned him into a huge office, sat down at the desk and asked what he was paid.

On hearing it was £12,000 a year, the tycoon scribbled on a piece of paper, called a secretary, and said: "Get that from the cashler, and buzz me when you're back."

Then he told the young

man that, however good his work might be, he was not the sort of person the group wanted to employ. "So go to my secretary," the chief added as the buzzer went, "take the envelope she gives true and cell in at personnel." you and call in at personnel to pick up what's necessary on your way out. No hard feelings. Goodbye."

The envelope contained £3,000, which brought a spring to the young man's step as he went back to the agency where he worked. He hadn't expected such a big tip for delivering a parcel to the graph's executive write. the group's executive suite.

Festivity

NOW to the festive spirit in a quite different sense. For a long time now I have been marvelling at the detail the Runzheimer International consultancy goes into while doing its job of advising employers about world-wide

THE PRICE OF OVER-INDULGENCE AROUND THE WORLD Scotch Aspirin off-cost 3 9.05 24.61 24.32 23.30 18.08 23.96 21.20 6.44 5.76 10.40 2.57 4.19 5.84 25.53 25,39 0.30 4.34 4.32 4.64 7.24 0.92 3.42 2.47 1.16 7.81 2.73 2.76 1.76 5.62 16.96 14.26 15.61 18.47 17.71 16.49 13.07 4.11 4.58 4.90 3.72 2.31 5.88 3.57 4.02 3.68 2.94 6.59 3.80 4.82 4.47 3.02 3.35 3.93 5.91 2.60 3.21 2.09 2.73 5.12 3.11 20.67 17.34 16.08 15.38 14.13 13.99 12.65 9.87 11.01 10.04 14.68 2.02 11.88 8.39 9.91 25.96 13.42 11.34 12.10 14.99 14.12 13.12 3.08 2.47 5.70 9.98 6.55 7.70 5.39 7.39 8.37 10.98 6.52 Hong Kong 9.00 6.58 6.45 4.44 4.72 7.96 6.55 8.94 6.34 3.69 5.09 10.48

living costs, pay and perks. So this week I've persuaded its European operation – Runzheimer Mitchell, in

8.78

London - to supply rough indicators of the price of a hangover in 20 big cities. While it is all too easily forgotten beforehand, the full outlay includes not only the cost of incurring same, but also the expense of trying to get rid of it. Accordingly, the consultancy has delved into its data on comparative prices in search of goods on the market that reflect both elements.

As a gauge of the "on-cost", it has come up with the average price of a litre of Scotch whisky and a like quantity of vodka. "Off-cost" is measured by the average price of 36 Alka Seltzers (except in Tokyo where they're apparently not sold), 100 branded aspirin, and half a pound of instant coffee.

The results, in sterling at

the rates of December 15, are shown in the table above. Naturally, it is up to readers to decide whether Athens is a good place to be and Helsinki a bad one, or vice versa. The most balanced city would seem to be Milan, where it costs almost as much to recover as it does to

suffer in the first place. Which said, I wish you the compliments of the season, and hope to see you again on January 3.

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oachim Lezoch, the general director of the East German Shoe Kombinat, has the build of a heavy-weight wrestling champion. This is just as well: on his powerful shoulders rests part of the responsibility for transforming East Germany's sick

economy.

Of the many proposals for economic reform currently being thrashed out in East Berlin, one of the least controversial is that Lezoch and his 100-plus general director colleagues, the business elite of East Germany, should enjoy far greater independence.

They want - and it seems will get - the right to manage, without the interference of the planning bureaucracy in the Industry Ministry, without the responsibility for every detail of the social welfare of employees, and without having to

adhere to a pay system which promotes only sloth.

The Shoe Kombinat — soon to be renamed the United Shoe Industry - has been chosen as a guinea pig for such plant-level reforms. That is partly because it is, by the standards of the East German consumer goods sector, already a relatively efficient monopolist.

With 47,000 workers, 35 separate businesses, and 250 plants, it produces 93m pairs of shoes a year 12m go to the Soviet Union and 2m to the West. It records annual sales of 5bn East German marks, putting it in the top ten companies in the country, and, after taking into account the 1bn marks annual sub-sidy to cover the lower cost of children's shoes, produces a nominal profit of DM 250m.

The other reason for the shoe industry's guinea pig status is that Lezoch himself is the nearest thing to an East German business whizzkid there is. He took over as general director of the industry 11 years ago at the age of 34 and, in the estimation of western competitors, has

done a good job with lousy tools. Now he is also politically in favour. Under the old regime his reformist management ideas were considered heresy; now he has the ear of Hans Modrow, the Prime Minister, who has been a friend for many years, and he sits on various committees which draw up economic reform plans for the Socialist Unity Party (SED), of which he is a

What, then, does Lezoch want? Sitting in his unassuming office in the small town of Weissenfels, just south of Leipzig, where the Shoe Kombinat has its headquarters, he

 Autonomy. His first priority, already partially realised in the past few weeks, is complete indepen-dence from the Party and partial independence from the central plan-ners. Lezoch is a convinced socialist who believes it is possible to combine economic dynamism and social welfare within a predominantly East German industry

## Taking a step in a new direction

Joachim Lezoch, general director of the country's Shoe Kombinat, explains to David Goodhart how management and working practices are to be reformed, providing a blueprint for changes elsewhere in the economy

state-run economy. However, he also believes that detailed central planning "is complete nonsense". He says: "Central planning may have been necessary for a few years after the war but now it is ridicu-lous for someone in the Industry Ministry to decide whether we need 91m or 93m pairs of shoes each year. I want to produce shoes that people want; I don't want to follow a mathematical model."

a mathematical model."

He adds, however, that quality and not merely quantity is already a major priority of his industry and claims that in productivity and design the Shoe Kombinat can compete with the average "although not the best" western firms.

He also device that there is a lock

He also denies that there is a lack of well-qualified managers in East Germany. "I have plenty of good people who could do great things if they did not have to spend so much time wading through 400-page reports of unnecessary bureaucratic detail," he says. Further administrative changes he wants include the right, already partially realised, to by-pass the Foreign Trade Ministry and deal directly with foreign sup-pliers and customers; he also wants much greater clarity on corporate tax which currently varies sharply from year to year.

Rationalisation. "If business is to

do its job properly there must be clearer borders between the responsibilities of business and the social responsibilities of the state," says Lezoch. In other words Lezoch wants to cease being effectively the local social security office as well as the main employer and wants much greater scope for rationalisation.

Currently, he says, he has to go on employing, or at least paying, people who are permanently ill or retired early. "I've got 15 alcoholics on my books at this works alone," he says. He also has to support the Weissenfels football team "because they don't charge enough for entry." He wants to reduce his workforce sharply. Initially he plans to slim down only the administration, which accounts for 13 per cent of the labour force. "I want to cut staffing levels by 30 per cent imme-diately with another 20 per cent to follow. Altogether that will mean releasing about 2,500 people."

He does not envisage a substantial new wave of unemployment in East Germany but believes the state should start paying a form of bene-tit to those "in between jobs" as some of the country's hidden unemployed are given the sack. "We have



already started to create some unemployment with the dismantl-ing of the Office of National Secu-

rity," he points out. More resources must also be put into retraining. Lezoch claims to have pioneered such retraining in the Weissenfels area by arranging, in association with the local further education college, a course in finance and economics for former security police. ■ Incentives. This, to Lezoch, is

clearly the single most important field of reform. Even before the recent upheavals he had been fighting a war of attrition with the Party and the Industry Ministry over the introduction of incentive pay schemes. He now admits that the changes he did push through were largely cosmetic.

"The great mistake Marx made, which has troubled the economies of all socialist countries, was to ignore the question of incentives. If everybody is paid the same, regard-less of effort, some people will scarcely work at all and the others who do work will quickly become demoralised.' There is a graded pay system in

the shoe industry but Lezoch wants substantially to widen differentials. Currently we have a pyramid system which I want to turn into something more like the obelisk in the

Place de la Concorde," he says.
The average production worker
now earns about 1,000 marks net a month - although it is possible to earn as little as 600 and as much as 1,400 - but the next grade up from production worker, "masters", earn, after tax. only 150 marks per month more than the average worker. Even worse, according to Lezoch, the head of a plant now earns only 500 marks a month more than the average production worker. "Why should someone work themselves to

nder his new system there will be a minimum 30 per cent differential between production workers and masters and a minimum 30 per cent differential between masters and plant hosses. He also wants to experiment with various different systems of productivity bonus and piece work and introduce a profit-sharing incentive for managers. Such measures, he reckons, will increase productivity by 20 per cent almost immediately.

death for an extra 500 marks a

month?" he asks.

Lezoch does not duck from applying such incentive principles to the operation of individual companies or even his own industry. "I am a monopolist, which means I decide how much profit I make. We need a

system in which I make a decent profit if I have worked effectively and less if I have not," he says. However, his radicalism has clear boundaries. He insists that as long as the East German mark is not convertible and there is no free access to raw materials a form of non-market control has to be exerted. "In a sense I am the market in the shoe industry. I decide which plants should expand and which should not, and I make sure there is no unnecessary duplication," he says. He says he can already close down plants if they are particularly

inefficient but only if that does not thereby threaten plan targets. He will now also be able to allow plants to leave the Kombinat if he thinks they could flourish outside. However, unlike many critics of the East German economy, Lezoch is not opposed in principle to the Kombinat idea of giant vertically-integrated conglomerates. The arguments he makes for the Kombinat - economies of scale, ability to provide central services that smalle companies would not enjoy sound rather similar to the pro-conglomerate case in capitalist econo-

His broader criticisms of the structure and functioning of the East German economy do chime critics. He says for example that the semi-autarkic structure has caused

enormous damage and the sooner the economy is strong enough to become more integrated into world markets the better. "We produce markers the better. We produce something like 80 per cent of all manufactured goods, which is quite unnecessary," he says.

Industries like shipping, crane building, and parts of the chemical industry, where East Germany has no clear comparative advantage,

no clear comparative advantage, should be abandoned as soon as feasible. He is particularly scathing about the energy economy and says that with no acceptable domestic fuel supply of its own the country should withdraw from energy-intensive industries. sive industries. Potential growth areas are semi-finished goods, some areas of speci-alised machinery, services and tour-

ism. "We need to encourage small businesses and we need to improve the standards of gastronomy in the country by 500 per cent," he says. He accepts that East Germany has to exploit its position as a relatively low-labour cost country to draw in western capital but wants to place strict controls on the "buy-ing-up" of East Germany. "We do not want to become the Sicily of

West Germany," he says.

He is clearly not happy about some of the economic consequences of opening the borders, in particular the growing role of the D-mark in East Germany, but accepts that it is politically impractical to stop such a trend. "It means that we have to inject more value into our own currency as quickly as possible," he

The macro-economic priority now is a reduction in subsidies, with a corresponding increase in pay and other incomes, and the creation of a real price system. In his own industry, for example, he says that subsidies for children's shoes should stop but that national child benefits should be raised. He also remarks that it is ridiculous that he pays only 200 marks a month for a sixbedroom house with two garages hastening to add that a western businessman of similar rank would have four or five houses.

He recognises that if price reform is introduced before tackling the "monetary overhang" of savings, estimated at 150bn marks, it could elease inflation. He therefore advocates a tight money supply and higher interest rates - although he wants lower interest rates for big savers so that the 5 or 10 per cent of richer East Germans, such as him-self, who are responsible for a large part of the overhang, do not benefit unduly. "The important thing is that ordinary people do not autier a lower standard of living during the transition," he adds. He supports the privatisation of state-owned flats, combined with a radical increase in rents, and advo-cates the destruction of the mout-tery proceeds as another means of

cates the destruction of the mountary proceeds as another means of reducing the overhang.

Medium-term he can envisage selling to workers shares in the companies they work in, but that — like convertibility itself — might be two to three years away. In the meantime, he advocates that the government acts as a consumer goods wholesaler to satisfy increasingly demanding consumers and to stop the outflow of East German marks seeking West German goods even at extremely unfavourable exchange rates.

even at extremely unavoirable exchange rates.

He suggests that the government spends Ibn marks buying Japaness cars at special low prices. Surprisingly, he is not especially worded about the continuing outflow of East Germans settling in West Germans many. Despite the changes of recent weeks the figure remains at about 2,000 a day and most observers assume that they are mainly the younger more energetic people that Sast Germany can least afford to

ezoch takes issue with this view and says that he has only lost 600 out of his work-force of 47,000 and that very few of them were economically significant. He accepts that the loss of particu-He accepts that the loss of particular groups like doctors is serious but that most key production workers are staying. Yet he also admits that unless his country moves with "military" speed and determination it could quite soon lose its economic, and thus effectively political independence. cal independence.

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The prospect of being taken over by the "arrogant" West Germans does not fill him with joy. He admits that "for psychological reasons" joint ventures or partnerships with western firms from anywhere but West Germany are preferred if all other things are equal. He him-self recently signed a deal with the British shoe machinery company, United Machinery Group. He says that East Germany now

offers very attractive partnership opportunities to EC countries especially as a window on Eastern European and Soviet markets, "We know these markets well and we speak

Lezoch even toys with a hit of political blackmail: "If you in West-ern Europe do not like the prospect of a united Germany then you must help us now to remain indepen-dent," Lezoch brims with sophistication and competence but such comments also reveal his despera-

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### TECHNOLOGY

Nick Garnett reports on the advances made in the design of smaller, cheaper power stations

#### e all know what they look like. Enormous strucconcrete towers from which plumes of steam pour from the top. You can see them from miles away. On the M62 transpennine motorway in the north of England, you drive past three, one after the other. Such power stations, whether coal, oil or nuclear powered, are part of the land-scape in just about every coun-

try in the world. But many economies outside the Third World are going to see more of another type of power station - smaller, quicker and cheaper to build and principally powered by a mechanism closely related to a jet engine. The 1990s could be the age of the gas turbine pow-

ered-combined cycle station. Some large fossil fuel power stations of up to 1,800 MW will still be built for base load requirements. But in the IIS. Europe and parts of the Far East these are going to be sup-plemented and partly replaced by combined-cycle stations for base load, local district and peak loading capacity.
Such stations, usually rang-

ing from around 100 MW to 900 MW in capacity, can also have extra equipment fitted to provide district heating as well as electricity. These are known as combined-cycle, co-generation stations. Combined cycle plants,

which produce electricity from both a gas turbine and a steam turbine, have been around for quite a long time. One estimate says that there are 35,000 MW to 40,000 MW of combined-cycle station capacity in the world,

outts & Co, banker to the rich and the royal, is turn-

## A new age of energy is on the horizon

though most of this is from small industrial plants. General Electric (GE) of the US has probably built more than any other company. Asea Brown Boveri (ABB) is also a top ranked supplier, having built 60 such stations.

Combined-cycle technology looks like coming into its own for two reasons. One is that

100m square, could be built for gas has recently become an accepted form of fuel for power about 280m, excluding interest charges. Some large fossil fuel power stations will still be built. But in the US, Europe and the

mented by combined-cycle stations

Far East these are going to be supple-

stations. The other is that the nics of electricity supply are changing, working in favour of combined-cycle's high thermal efficiency and moderate investment costs. Shifts in the financial structure of power supply have been most marked in the UK. Electricity privatisation has called into question who is to pay for very large power stations that can cost more than £1bn to build and has contributed to the scuppering of the Govern-ment's plans for both nuclear

and large coal-fired stations.

Building times from order to completion for such plants vary from about two to three years, compared with up to six or seven years for some types

The commercial attractive-

ness of combined-cycle plants

though is also affecting pur-chasing policies in the US and is likely to do so in parts of

continental Europe.

According to Rolf Kehlhofer,
ABB's marketing vice-presi-

dent, a combined-cycle plant of

220 MW and measuring about

of large plant. Efficiency is higher than in conventional stations. The output of electricity to the input of heat (fuel) is typically 50 per cent, much higher than a coalfired station. Gas also provides lower emissions, allowing the station to generate almost no nitrogen oxides. The one big disadvantage is

that you need a piped gas sup-

ply. Gas turbines will run on emissions from burning fuel such as coal but that would lower efficiency. Theoretically, diesel engines could be used instead of a gas turbine but there are a number of operational objections to that.

So how does a combined-cy-cle station work? The gas turbine part of the station provides rotative power direct through a generator to produce electricity. The exhaust tem-perature of the gas turbine (about 500 degrees Centigrade) is used, at the same time, to heat water and generate steam to drive a steam turbine. This produces a second source of electric power, again operating through a generator. In other words, a second source of electricity is obtained without

Kehlhofer says the amount of electricity produced by the gas turbine is about double that which comes from the steam turbine.
If the station also has co-gen-

eration equipment, the main elements of which are condensers, it can also produce district heating. However, this reduces the amount of electricity produced by the steam turbine.

The key technology in a combined-cycle station is the

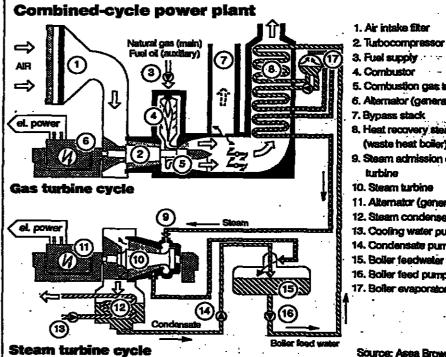
gas turbine. Such turbines range from a few megawatts up to more than 200 MW - the biggest under development being those of GEC-Alsthom, based on a GE licence.

For power stations, indus trial gas turbines rather than aero-engine-derived units are used. Jet engine derived units, in operation on oil rigs, for example, require extensive maintenance every 500 to 1,000 hours, a time period com-pletely unacceptable to power station operators. Larger, l ier duty industrial gas turbines can operate 16,000 hours to 25,000 hours before an over-

One of the critical elements of design in a gas turbine, apart from the turbine blades is the cooling system. The tem-perature of hot gases in the turbine can be as high as 1,300 degrees C. close to the melting point of the blades. A typical 600 MW plant would use three 150 MW gas turbines, each about 80 feet

No one believes the day of

the big coal-fired station is at an end, even in the western world. But for the moment, "combined-cycle" are the buzz words of electricity supply outside the Third World.



3. Fuel supply · · · -

4. Combustor ---5. Combustion gas turbine 6. Alternator (generator)

7. Bypass stack 8. Heat recovery steam generator

(waste heat boiler) 9. Steam admission of steam

turbine 10. Steam turbine

11. Alternator (generator)

12. Steam condenser 13. Cooling water pump

14. Condensate pump 15. Boiler feedwater tank 16. Soiler feed pump

17. Sofler evaporator drum

Source: Asea Brown Boyeri

### The main power station suppliers

MAIN power station suppliers have their own gas turbine technology. These are GE of the US; ABB, the pan-European Swiss-Swedish group; GEC-Alsthom, the French-British company; mens of West Germany; and Japan's Mitsubishi. There are also a range of

other suppliers such as John

Brown in the UK which is a

licensee of GE and manufactures gas turbines from 20 MW to 150 MW, and Rolls-Royce, with the industrial version of its RB211. The Rolls-Royce group now includes Northern **Engineering Industries.** 

The gas turbine technology of each of the main suppliers are very similar though the power ranges vary. ABB is

from 9 MW to 150 MW. GE also goes up to 150 MW. GEC-Alsthom's range is from 19 MW to 200 MW. Mitsubishi has very small and very large gas turbines but is short of mid-power units. Sieme centrated more towards higger gas turbines.

Nick Garnett

THE

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Della Bradshaw examines how Coutts, the exclusive bank, has introduced computer technology The icing on the banking gâteau

### ing to technology to give its clients the traditional old-fashioned service for which it is renowned. Among the tail-coated banking staff and the discreet but opulent surroundings of a typical Coutts branch, nothing appears to have changed. But behind the scenes computer terminals are replacing the filing cabinets to give Coutts one of the most advanced informa-

The aim has been to enable each of Coutts' personal bankers to display on the computer screen all the information available on a client's ation available on a client's range of accounts, personal or cor-

tion technology systems of any UK

The detail is impressive. Not only does the system throw up, say, the size of the mortgage and the

## amount paid for the house (or houses) of one of its personal cli-ents, it also notes the year in which

the purchase was made - essential in calculating the property's value. Most high street banks are still struggling to install such systems. But for Coutts the need for this type of information technology was more acute because of the nature of

its clients. Coutts has over 36,000 private and 11,000 business customers, with 80 per cent of the bank's prof-its coming from those businesses. could have 20 different accounts. But the personal customers are also likely to have several accounts in different currencies, or use the bank to handle their share portfolios or deal with bonds.

Now a subsidiary of the decidedly more downmarket National Westminster Bank, Coutts uses the mas-sive computer capacity of its parent to do the routine number-crunching accounting tasks. On top of that it has decided to implement its own data processing strategy in order to service its exclusive niche markets.

Stuart Marshall, director and head of the management services division, describes these systems as "the icing on the cake."

Marshall acknowledges that the combination of Courts' size (it has only 21 branches) and the green

only 21 branches) and the geo-graphical concentration of those branches (mostly in London with six of them in just one street – The Strand) has enabled it to move

more quickly than the big high street banks. But Hugh Small, European director of Arthur D Little, the manage-ment and technology consultancy

responsible for advising Coutis on its information technology strat-egy, believes that, given the will, any banking chain could do the same. "The technology would be the same, with branches connected to the central computer in a star configuration. The difference would be the size." be the size."

The Coutts system is based on mid-range computers from Digital Equipment, into which are networked the terminals in all the branches. The information from the massive National Westminster

accounting system is extracted daily and downloaded onto the Dig-ital minicomputer, updating information on individual balances and

Coutts has been partly inspired to implement this system because of its success in using computers in other areas. In particular, its package for Lloyds Members' Agents has resulted in the bank sizeably increasing its share of this market. Implemented in 1987, the deposit and loan account system, normally abbreviated to Dálas, is a sub-ac-

counting software package devised

for Lloyds agencies following the 1986 Financial Services Act, which ruled that agencies had to split ap their accounts in order to sel different member interests.

In April 1987, 25 per cent of Lloyds Names disbursements were handled by Courts. This year Courts claims to handle 53 per cent worth £275m.

Couris is quick to point out that Counts is quick to point our man the introduction of the branch com-puters is not intended to take cus-tomers away from the big high street banks. Instead, its emphasis is on giving a better service to

Giving its exclusive clients an even more exclusive service, Marshall hopes, will increase the bank's turnover by boosting the amount of bush gives the bank to handle.

Drogheda, died on December 16 after a long illness, and a light has gone out that ence shone bright in London's musical life

I learned to know her when first I began writing for The Financial Times, over 36 years ago. She was a pianist, who studied with Ilona Kabos and Bela Siki. Her professions appearances were few: she lacked the need and perhaps the kind of temperament required to professional caree but when she did play in public her performances.

I recall well her last Wigmore Hall recital, (I did not review it; one doesn't review the boss's wife or, for that matter, someone with whom one has been playing fourhand Mozert, Schubert and Faure, but would have written warmly had I been in a position to

I recall even more fondly evenings in the Lord North Street house when Joan would play Fauré most beautifully of all to a group of friends, sharing her love of the music and her discoveries.

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about its perfermance. Before her marriage, in later the Earl of Dragheda and Managing Director, then Chairman of the of The Financial Times, between 1945-1975, Jean Carr eventful life. Beneath her exquisite decorum there was warmth, adventure, a sense of fun, and a merry streek of sharpeyed observation. I loved her dearly: so did everyone who knew her. At each Covent Garden first night, during the 16 years when Garrett was would look up to · · the Royal Bax to see if she, ever beautiful, was there. The next morning, after my FT review had appeared, and if it was antavoursh I might be wakened by a motorbike messenge bearing a "Drogbed

musician's consola She was a loyal wife but an unfin scrupulously honest critic: I roundly chided for the merits of a Covent Gerden

Don Giovanni that Josef Krips conducted. The plane hept us in touch after I moved to America: we shared thoughts about the new pianists who appeared, and about old pianists: shared, for example, our simultaneous. eleted discovery of Ernst Levy's wonderful recordings of late Beethoven

Not least among the joys of what I think of as golden years in London working for the FT Drogheda the boss's wife and a true musician read me, understood whatever I was trying to say, and kept me in line when I strayed. Beautiful and wonderful Joan,

Andrew Porter

## Drogheda 'Christmas should be a time of enjoyment . . .

ach of us, I suspect, has certain mental blindspots; things which leave us cold even though they seem to be admired or adored by others. While I can see Chekhov has his strengths I have never understood his lionisation, almost canonisation, by people whose opinions I otherwise respect. Nor do I understand the huge popularity of Carla Lane (of which more below). But what really baffles me is why anybody agrees to appear on the Dame Edna show. Barry Humphries is a near genius whose stage persona is one of the few true originals

(owing nothing to the Danny la Rue drag tradition) created for and by television, even if Edna has her origins on the legitimate stage. Moreover, Hummate stage, moreover, fium-phries' programmes are very funny and unlike anything else on the box. Even though they appear to be structurally much like other chat shows, the spirit could hardly be in greater contrast to that of the greater contrast to that of the Wogan or Parkinson series. Instead of sycophancy, Hum-phries delivers ridicule, and where others provide hero wor-ship he offers contempt; wrapped in smfles and tied wifh a joke, perhaps, but con-tempt just the same. Why do people keep on co-operating?
Are they really that desperate for a few moments of fame? Or do they really not see what he is up to? Perhaps it is their

The popularity of Carla Lane's work must, surely, bear out her own view of the human her own view of the numericae: that a lot of people are half mad and very lonely. Far from funny, I find her programmes (Butterflies, The Mistress, Bread) suicidally dismallers when of His seems not just sardonic but thoroughly

regularly funny was about 20 years ago in The Liver Birds. Tomorrow night BBCI offers a
40-minute Caria Lane drama,
Happy Christmas — I Love
You. The billing tells us: "It is Christmas Eve. Bruce and Renee speak to us from the appropriate corners of their home and we discover that, after 23 years of marriage, they know absolutely nothing about each other." Perhaps it will be awfully good, but it hardly sounds like a laugh a minute, yet that is the image we are given of Caria Lane: that she is

a comedy writer. Tragedy,

more like.

According to a report in the Daily Mail, David Elstein, Director of Programmes at Thames TV, has announced We believe Christmas should be a time of enjoyment. On ITV there will be no sex and no violence, I can assure you of that. Those days have pas It is alarming that two such dissimilar phenomena - the first associated with love and pleasure, and the second with batred and pain - should be quite so closely connected in Mr Elstein's mind (always assuming, of course, that the report was accurate). Furthermore it seems sad that poor Mr Elstein should identify sex with the absence of enjoyment. Most curious of all, however, is the question of precisely what sexual material we are to be denied: when is the last time you can recall Thames giving us a really good sexy programme? Violence, of course, is another matter entirely. On the very day that this report appeared Mr Elstein gave us The Shining, one of the most gratuitously violent and

came to it late, and after seeing a waterfall of blood bursting into a hotel lobby, a small child daemonically possessed and a man slaughtered by hav-ing an axe buried in his chest (all in glorious colour and gloating closeup) I switched

Perhaps Mr Elstein could say why he is giving up such horri-ble stuff only during Christ-mas, and at the same time tell us the titles of the sexy pro-grammes we shall be able to enjoy once his bizarre Christmas han is over.

Thames's series Capital City set in the London bank, Shane Longman, has not tried to be great drama, more a British version of those modern American programmes combining a hig soap-opera cast with a multi-core plot involving the members of some organisation in partner swapping, alcoholism, ambition, and so on. Hill Street Blues was one of the first and Blues was one of the first and best and LA Law is probably the highest rated of the current American examples. Five weeks ago I said it would be interesting to know how the expert viewers among FT read-ers regarded Capital City, with spluttering rage or indolgent smiles. Several readers responded, and the answers seem to be pretty evenly mixed.

John Welsh of Tullett and Tokyo Money Markets liked it least: "An enormous disappointment . . . the predicaments we are expected to believe just do not occur in the dealing room of any bank that I have experienced in 22

Roy Thomas, finance director of a public company nevertheless finds the series entertaining. No dealing room would deal in everything from

Dame Edna: delivers ridicule and contempt, all wrapped in smiles and tied with a joke

commodity swaps to bonds and equities, he says, but one accepts this in the interests of drama. Moreover, a deal to finance a Brazilian paper mill by buying Brazilian government debt at a discount was "not only appropriate and accurate but sophisticated and refined," and the script got it exactly right. Information manager Fran

Shepherd asks "What has happened to Shane Longman's arch department? I could have sworn they had one. In a previous episode wasn't there a cheery cry down the phone of 'Get me all you have on rubber?' presumably it's been axed as Hudson and Max seem to have spent their day trying to buy a company already

Goodman Sachs remark "The idea that the head of a merchant bank's dealing room

blows a whistle to amounce that gilts are down two points on a 1.2bn quarterly UK trade deficit is of course ridiculous. (After all, 1.2bn in a month would probably put gilts up two points.) Nevertheless we think that Capital City is great entertainment and we wouldn't miss it. Neither, apparently. would the Chancellor want us to, having moved the Autumn Statement to a Wednesday from a Tuesday, no doubt for convenience of viewing. Long

live Shane Longman!"
That comes closest to my own reaction, as a layman with no experience of this world: Max in his Western "duster" raincoat and pigtail, Sirkka with her stash of vodka, Declan with his love of women, and the whole loud, lusty crew, are the most interesting thing to have turned up in British mainstream TV drama for

The buzz-words of the week are "cross media ownership controls." The Government has called for a report on the way that mass media companies promote their own interests among their various outlets: the treatment of Rupert Murdoch's Sky Television in Rupert Murdoch's Sun newspaper is presumably an example, and perhaps the way that Pearson's FT treats Pearson's Penguin Books. British Satellite Broadcasting has just published a pamphlet called Raising Kane? Media Ownership In A Free Society Diversity, Fair Competition And The Public Interest, it opens with the words Concentration of media power

society."

One's instinct, of course, is to be on the side of the angels in this matter, and it would surely take a fool to favour monopoly over diversity. Wider Christopher Dunkley

is against the interests of a free

choice is desirable for its own sake: it is more interesting. But is monopoly in this area quite as dangerous as we are led to believe? Are people really so very credulous? It is worth noting one vivid example just presented to us which appears to be a dramatic contradiction of the widespread belief that the public (not you or me, of course, but all the rest of them) can be led by the nose once the mass media are solidly monopolised. In Poland, Hungary, Czechoslovakia, and East Germany the press, television, radio, publishing — the entire mass media — has been monopolised for 40 years. And was the result a brainwashed population believing dutifully in communism?

## Der Freischütz

COVENT GARDEN

At the Royal Opera it has been a persistent feature of the year nearly at an end that the new productions have been of poor quality, or worse, and the revivals impressively strong. The return of the 1977 Weber staging completes the tale. On Monday, though details might have been improved (lighting in the Wolf's Clen scene, ensemble between chorus – somewhat underpowered – and orchestra) the overall feeling was wonderfully right. This marvellous work does not always come across as a masterpiece; on this occasion, its stature, its musical richness and dramatic power, could

hardly be in question. Colin Dayis was back. It was a shock - simply because the experience is now such an unfamiliar one - to hear an opera performance projected out of the pit by a conductor whose conception of a work exerts a grip on the stage from first note to last. From the overture, broadly phrased, to the finale, its many (and s o m e t i m e s discontinuous-seeming) sequences forged into a flowing unity, there was not the smallest doubt that a born Weberian was guiding the dramatic progress.

In Davis's care the music glances back to Haydn and forward to Berlioz and Wagner equally. I relished the speciousness of the phrasing.

the foundation of so much of the reading on beautifully warm lower-string tone, the distinct fimbres found for each stratum (public and private, good and evil) of Weber's

grotesquely unpleasant films it has ever been my misfortune

to bump into. Admittedly I

thamstic vision.

I have never heard the charms of the "indoor" scenes more lovingly attended to simple domesticity or pre-marital plety pictured with masterly economy by the wholehearted sympathy by his **Deriormers** With its vistas of frazzled

trees and gutted churches this production may impose a rather lean, sceptical view of German Romantic tradition. All the same, and no doubt because a Weber champion in peak condition was in the pit, the staging (the Götz Friedrich original rehearsed now by Wolfgang Bücker) took on a feeling of heightened intensity that it has not always possessed. Dramatic impa was also immeasurably ed by the presence of two native Germans and a German-speaking Finn in leading roles, all three able to make the dialogue sound natural, not boned up in the rehearsal room.

René Kollo, the 1977 Max, has returned in splendid form - he is always a commanding artist, whose intelligence shines out in everything he tackles, and the voice, while



Karita Mattila

not exactly lyrical in style, manages both the awkward vocal range and the potentially tedious equivocations of the character with unarguable authority. The new Caspar, Harmot Welker, cuts a dark, dashing figure; his bass-baritone lacks full grandeur to unleash a fully dominant "Schweig! schweig!," but elswhere he leaves a

notable individual stamp on the proceedings.

Karita Mattila sings Agathe
with greater radiance than the Mozart heroines that have previously fallen to her at Covent Garden - "Und ob die Wolke," gently phrased and easily sustained, was old-fashioned in the very best sense. Physically she needs to loosen up a good deal more,

and a good deal earlier in the evening. The new Annchen, Judith Howarth, is a charmer (in spite of unconvincing German); Bruno Caproni's Rilian and Anthony Michaels-Moore's Ottakar are among the other successful newcomers to the opera.

December 15-21

**Max Loppert** 

### Circus Moon

This exhibarating piece of wizardry in the concrete hulk of Stepney's Half Moon theatre should be enough to convince even the most ardent detractor that there is nothing more the strical than alternative circus at its best. Conceived in Edinburgh in 1987 it has developed into a magnificent mix of delicacy and derring-do, of skillfully honed drama and dramat-ically dressed skills, drawing shards of contemporary culture into a magnie's 1 theatrical treasures. Anyone who saw the much-

hyped French troupe Archaos this summer will be familiar with a circus that takes its images from a film culture, but where Archaos use chainsaws and motorbikes, Circus Moon's performers juggle snooker cues or perform astounding table-top tumbling routines. And whereas I left Archaos with a slightly disappointed sense of having seen top quality pack-aging rather than top quality circus, Circus Senso's antics leave no room for doubt – the trapeze and the tightrope acts are the real McCoy even if they are performed only feet from the ground, and despite the absence, through injury, of one of their key performers.

The key to the show's success is its profligacy with imagery which at the same time has a definite dramatic mood and structure. A bespectacled hunk draws himself narcissistically up on his trapeze like a yuppie health freak who has discovered a new form of bullworker. The tubby Andre Vincent,

all-purpose clown of the piece quietly repeats the performance for a watching woman with a tiny wooden marionette. This is sophisticated stuff, which creates strands of narrative that are allowed to stretch and map without any sense of

A giant wardrobe becomes a conjurer's disappearing chest in which a trilling operatic soprano is spirited not quite then very convincingly indeed into a plastic wheelie-bin. The wardrobe also has a thematic presence: it is the entrance to the Club of Dreams (sub-title of the show), and by extension a charmed gateway to the fantasy of performance.

John Turner both directs and plays a singing narrator a moony figure in mac and slouch hat - in a show which exploits every dimension of theatre. The rich lighting of Stephen Watson picks out the jewel-colours of the perform ers' lycra leotards: the band in the background keeps up a musical medley that ranges from Ian Dury to Singin' in the Rain. The segments of the show are shaped by a masked and stilted figure with a grotesque mask who seems to represent all that is unnatural and destructive - whether that means onanistically fondling a lissome trapeze artist or blowing the stage to a standstill in a final, shocking portent of nuclear holocaust.

Claire Armitstead

### ARTS GUIDE

marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undersanding fare (734 8951, cc 836 2426): Jeffrey Bernard Is Unwell (Apollo). Brilliant performance by Peter O Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodice. Kefth Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. (437 2663). The Good Person of Sichuan (Olivier). Magnificent National Theatre revival by wunderkind Deborah Warner of Brecht's great parable of moral ambiguity about a Chinese prostitute who anout a comese prostring who can only do good by adopting a victous disguise. If poverty is not combared by political systems, what can an individuals compassion do? Witty new translation by Michael Hofmann. Flora Shaw leads a fine cast. Figna Snaw isens a line cast.

Dec 19-21, Dec 28-Jan 3, Jan 11-18,

Jan 29-Peb 3 (928 2252).

A fattle Night Music (Piccadilly).

Fine revival by fan Judge of Sondheim's 1973 version of a Bergman film. A beautiful score, company of the process of the party of the p posed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her

**New York** Gypsy (St James). This 30th anni-

a versonal life for berself (346 Grand Hotel (Martin Beck). Trammy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives criss-

mert depiction of fives criss-crossing in an elegant, but some-what random setting (246 0102). Sweeney Todd (Circle in the Square). An intimate production of the Southeim-Wheeler musical which emphasises the descent into machess of Bob Gunton as the demon barber of Fleet Street (239 6200). Lend Me a Tenor (Royale). A

of this farce, first produced in London, but now with a local cast led by Philip Bosco and Vic-tor Garber (239 5300). tor career (229 5200).

Jerome Robbins' Broadway
(Imperial), Anyone attracted by
the notion of three hours of film
trailer previews will adore this
compendium of Robbins' directed and choreographed plays from the past 40 years, including On the Town, West Side Story and

Gypsy. Rumours (Broadhurst). Neil Simon's latest comedy is a selfconscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebullient cast in the inevitable but disappointing hit. Cats (Winter Garden), Still a sell-out, Trevor Numn's produc-tion of T.S. Rijot's children's

Loudon, and her black chau exposes the changes in the South over the past several decades

ers in a busy hairdressing estab-lishment (988 9000). A Christmas Carol (Goodman).

For the 12th year, the Goodman company does its holiday thing, with William J. Norris as Scrooge for the 11th year, but a new director, Steve Scott, and new adaptation by Tom Creamer promise to refresh the familiar. Ends Dec 30 (443 3800).

Kabuki, At the National Theatre (285 7411). *Hokuibo*. Living National Treasure, Baiko, leads a top-rank cast in a lively lowlife piece about a con-man who disguises himself as a priest. At Kabuki-za (541 3131): two mixed programmes, at 11am and 4.30pm, featuring mainly younger kabuki actors. Both theatres have English pro-grammes and earphone commen-tary. (Visitors to Kyoto should note that there are also all-star kabuki performances this month at the Minami-za Theatre, before Kokunsenya Gassen. New play written and directed by Hideki

Noda, loosely based on a famous puppet play by Chikamatsu. An exuberant comic-strip travesty of Japanese myth and history. The verbal humour may be beyond most non-Japanese, but this is nevertheless a most enjoy-

this is nevertheless a most enjoy-able production. Ginza Saison Theatre (5478 0771). Kodo. The spectacular drummers from Sado Island, off Japan's northern coast, pay their annual visit to the capital in an exciting programme of drumming and dance Theatre Apple Shiriburn dance. Theatre Apple, Shinjuku (207 5588) Ends December 24. Body Wars 2. A science fiction allegory about power, performed by energetic fringe company, Daisan Erotica. Honda Theatre, Shimo-Kitazawa (368 1127).

SALEROOM

### Autumn turnovers

Sotheby's and Christie's came clean yesterday, admitting just how successful, in sales terms, they have been in the first half of the auction year, roughly the period from August to

December.
Sotheby's had autumn sales of £957.3m, which represents a virtual doubling of turnover compared with the same months of 1938 (the rise is 99 per cent). In dollars, now the trading currency in the international art market, the increase was less amazing but still very impressive, up 72 per cent, at \$1.5h. Sotheby's also announced an annual turnover for 1989 of \$2.9b.

Christie's turnover in the autumn was £675m, a 70 per cent rise over 1988 in sterling, and in dollars 49 per cent higher at \$1.066m. It means that Christie's sales during 1989 topped \$2b (£1.3b). The two smaller domestic auction houses also weighed in with annual figures, Phillips recording a gain of 14 per cent at £108.6m. while Bonhams reported 24 per cent more, at

Both the major houses stressed the importance of New York as an art centre, with Christie's making £372m (\$587m) there, and the one big Impressionist and Modern pic-

ture sale on November 14th, of just 68 lots, contributing a record £146m,(\$232m), which means that almost a quarter of the autumn sales came from just over an hour's work at the rostrum. All told, the burst of Impressionist through to contemporary art auctions in New York and London brought in \$600m (£380m), underlining just how important the prosperity of this one sector, representing well over a half of sales, is to the well being of the

auction houses. The growth of the dominance New York in the last decade was well displayed in Christie's figures, which showed its global turnover up ten times in ten years (from £125.7m in 1979) and New York doubling its share of the market, from 25.3 per cent to 53.6 per cent this year, while the UK accounted for 35.5 per cent of sales, as against 57.9 per cent in 1979. The Far East had doubled and the continent halved in importance.

Back in the saleroom Sotheby's sold yesterday in London to the Musée D'Orsay in Paris for £46,200 a tile panel, 64% inches by 35% inches produced by William Morris and William de Morgan around 1876.

Antony Thorncroft

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FINANCIAL TIMES

THEATRE

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five best work in years), Peter McE-nery and Susan Hampshire (867

Another Time (Wyndham's). New Ronald Harwood play,

directed by Elijah Moshinsky, about a white South African fam-ily in Cape Town and Makia Vale. Albert Finney plays father and concert plants son across 35 years. Janet Suzman and Sara Kesteliyan are electrifying in Kestelman are electrifying in

support (867 1116). M. Butterfly (Shaftesbury). Peter Egan has taken over from Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transves-title transves. tite tragedy proves less electrifying than in New York; the play is not very good but still worth

seeing (379 5398). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chambe operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nump. a cast of unknowns project the right sense of sybardtic insouciance. A proba-ble, but unspectacular, hit (839

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winming drama covering 20 years in the life of a successful Ameri-can baby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1960s, accompa-nied by the musical and emotional flavour of the period (239

versary production introduces a new belter in the Merman trapoetry set to music is visually startling and choreographically feline (239 6262). dition, Tyne Daly, as the bossy, theless and tuneful Rose, who shamelessly leads her daughter A Chorus Line (Shubert). The shamelessly leads her daughter into burlesque while rejecting longest-running musical in the

US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which the songs are used as auditions rather than emotions (239 6200).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

(239 6200). (239 6200). Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with furgettable songs and dated leadenness in a stage full of characters. It has nevertheless trough Brandway. sprucing up in the set of a decay-ing town's big time opera ambi-tions makes a transatlantic hit proved to be a durable Broadway hit (947 0033). M. Butterfly (Eugene O'Neill).

The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing meiodies in this mega-trans-ter from London (239 6200).

Driving Miss Deisy (Briar Street). The touching relation-ship between a dowager, played in this production by Dorothy

(348 4000). Steel Magnolius (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-

### FINANCIAL TIMES

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Wednesday December 20 1989

### And now Romania?

FREEDOM IS contagious. President Nicolae Ceausescu, the Romanian dictator, has long been aware of that. He has taken almost every imagin-able step to insulate his country from contagion, and to make himself and his regime proof against external pres-

Perhaps, long ago, he genu-inely believed it was freedom he was protecting — his own freedom of action as leader of a nation which had been reduced to satellite status. He showed his independence by refusing to break relations with Israel in 1967, and condemned the intervention by the rest of the Warsaw Pact in Czechoslo-vakia in 1968. These gestures earned him support in the West, which cultivated him in much the same spirit as it had cultivated Yugoslavia after Tito's break with Stalin in 1948. In both cases continued violation of human rights within the country was largely overlooked. But whereas over time Tito did introduce a greater degree of internal free-dom, Mr Ceausescu worked steadily and unremittingly to concentrate all power in his own hands and those of his

In 1982 he discovered that Romania had run up \$10.2bn of debt with the West, and it occurred to him that this exposed him to interference from that quarter. He resolved to eliminate the debt com-pletely in the shortest feasible period, and in April this year he announced, more or less truthfully, that this had been

#### Sacrifices

This remarkable turnround was achieved not by making exports more competitive but by drastic cuts in hard currency imports, including fuel, and by withdrawing foodstuffs from the domestic market to make them available for export. This has imposed terri-ble sacrifices on the popula-tion, without any credible offer of better times to come, since imports of capital goods have also been cut. In the words of the Economist Intelligence Unit, "failure to invest in industrial modernisation and restructuring will affect Romanian economic prospects throughout the 1990s."

### Incompetent and evasive

THE DECISION by the Government to pay out substantial compensation to the victims of the Barlow Clowes victims of the Barlow Clowes crash in May 1988 is on balance to be welcomed, though the change of heart had to be forced by yesterday's critical report from the parliamentary Ombudsman. Compensation worth some 90 per cent will largely end the misery of some 18,000 mainly elderly savers who were seeking a safe investment but fell between the cracks of a radically changing cracks of a radically changing investor protection framework.

that it is has been announced just before Christmas. For the rest, the ungracious official response compounds the sequence of incompetence, eva-sion and rejection of responsibility which has characterised the Department of Trade and

the DTT's Licensing Unit, but Lord Young did not flinch. It could be argued that the Government is now behaving illog-ically by offering compensation when it still denies maladministration, or, to quote the origi-nal Whitehall jargon, when it claims that the handling of the case was "within the acceptable range of the standards reasonably to be expected of the regulator."

### Sophisticated markets

In one sense, the DTI implicitly recognised the inadequacies of its investor protection sections by devising the Financial Services Act 1986, and through it setting up an entirely new structure. This takes in the Securities and Investments Board and the various self-regulatory bodies to which it delegates certain of its responsibilities. Part of the argument for introducing the new framework was that career civil servants could not be expected to police the increasingly sophisticated

ceeded in making the regime invulnerable to the tide of democratic change sweeping through the surrounding coun tries? The latest events suggest not. A mixture of anger, desperation, and the knowledge of what was happening elsewhere in the region, emboldened peo-ple to surge through the streets of Timisoara, and possi-bly other cities, tearing down the posters of the hated dicta-tor and his wife.

But has this strategy suc-

#### Massacre

Predictably the Ceausesons have reacted not like other east European leaders, who with Mr Gorbachev breathing down their necks stopped short of deploying military force against the people, but like their friends in Peking. A horrible massacre has resulted, the scale of which is not yet

The question now is whether the military and paramilitary forces are prepared to go on being used in this way. Yesterday Mr William Waldegrave, Minister of State in the British Foreign Office, called on these security forces to "represent the true will of the Romanian people and put an end to this regime." That is a highly unusual thing for a member of one government to say about another with which it has diplomatic relations, but in the circumstances surely justified. Meanwhile the Soviet For-

eign Minister has condemned the loss of life, and the US has suggested a "co-ordinated response" of western and Soviet bloc countries, possibly in the framework of the Helsinki process. Certainly the Soviet Union as Romania's main trading partner must be assumed to have leverage if anybody has. Mr Ceausescu's actions are in flagrant contra-vention of the Helsinki and Vienna agreements. This is a chance for Moscow to show that it takes those agreements seriously. With any luck events will move fast enough to make formal economic sanctions unnecessary. But the European Community has already applied sanctions of a sort this year, by suspending negotiations on a trade and cooperation agreement. Mr Gorbachev could surely be asked to

As with the Le Quesne report, the Ombudsman's study continues to grant anonymity to the individuals involved. The DTI seems unable either to accept collective responsibility or to pin the blame on individ-However, the only deft politi-cal touch about the decision is

Industry's performance throughout this affair.

In October last year Lord Young, then Secretary of State at the DTI, dismissed claims for compensation in the face of the earlier report by Sir Godfray Le Quesne. That investigation also revealed hunders by the DTI's Licensing Unit, but

investment markets. Instead, experienced specialists would be required who would need to be paid at a market rate well tudes in the future.

The shapelessness of the DTI's bureaucracy is also central to this affair. At the top, it is symbolised by the rapid turnover of Secretaries of State. Down below, the investment supervisors were coming and going in what was regarded as a low status unit.

take a comparable step.

#### Pursuit in court If much of this is now a mat-

ter of history, there remain some live issues. There is some justice in the Government's claims that at least part of the responsibility for the problems at Barlow Clowes rests with the solicitors and auditors who gave comfort at crucial stages, and with the independent financial advisers who played such a crucial role in collecting funds from the public. Having compensated the investors, the Government will now pursue such parties through the courts to recover some of its money, and may well be able to do so more effectively than individual investors. Only opti-mists will believe that clear-cut lessons will emerge from legal action of this kind. But the behaviour of professional advisers has emerged as an important issue in other cases of financial misconduct, for instance the Blue Arrow affair, and there is a need to clarify the role of auditors in the pre-

vention of fraud.

Elsewhere, the Government is right to emphasise that the decision to compensate must not be taken as a precedent. There is no case for protecting investors against their own foolishness. The danger is that official incompetence will blur responsibility and lead to a general clampdown on innova-tion and choice as a way of limiting risks. Here again, events have moved on with the implementation last year of the SIB's Investors Compensation Scheme. The hope must be that the Barlow Clowes affair can be seen as an isolated, if expensive larger of the all expensive larger of the sive, legacy of the old system and that it will not tarnish atti-

### Anthony Harris sifts through increasingly gloomy US economic indicators

## The cheerfulness begins to fade

"I'M BECOMING increasingly concerned about the possibility of a recession. I see things happening out there that should be cause for worry." there that should be cause for worry."
The speaker is Martha Seger, a Federal Reserve governor who is known as something of a pessimist. For contrast, five leading fund managers interviewed recently in Barron's, the US investment weekly, are all bullish. They do not necessarily disagree with Ms Seger's concerns. "Does [your market view] mean that you discount forecasts of a recession?" one of the managers was asked. "Not at all. In

managers was asked. "Not at all. In fact, I think it has already begun."
Even this cheerful pessimism is still a minority view — the consensus view still looks for a soft landing.

However, the minority is growing, and the cheerfulness is fading. The downturn which has kept retail sales flat and industrial output falling since the summer shows no sign of ending, and for the longer term, there are some disturbing questions about debt

and demography.

The evidence of a downturn in manufacturing is consistent and strong. The labour force has shrunk by 165,000 since March; order books - except in the aircraft industry - have been falling since the beginning of the year; profits have fallen by an eighth over the last year; and growth of investment has virtually stopped. The short-term question is whether the

short-term question is whether the still buoyant service sector can keep the whole economy growing.

The motor industry is the hardest hit, though its troubles are competi-tive as well as cyclical. Some Japa-nese "transplants" are still growing, and Honda may soon replace Chrysler as the third of the Big Three, behind Ford and General Motors. However, sales of US-built cars in total are now very weak. They fell to an annual rate of 5.5m at the beginning of December, about 30 per cent below the 1988 level; the rate was 8.3m during the discounting boom of September.

#### It is supposed that every negative number brings nearer the moment when the Fed will abandon its gradualism

Meanwhile, unsold stocks have risen above the level which led to lay-offs at the beginning of the year. Unless demand recovers, car plants would have to close for a month to work off the excess. Lay-offs are already heavy; 115,000 workers at GM and Ford alone will have their Christmas break extended by at least two weeks. No production plans have been announced for the first quarter of 1990 an almost unprecedented sign, according to Ward's Automotive

Reports.

There is some comfort in the "personal truck" market for camping vans, pick-ups and off-road vehicles. This market was invented by Chrysler, and is still dominated by the native industry. Recent sales are only 2 or 3 per cent down from last year. ever, was 17 per cent down in November compared with 1988.
Retailers are also worried. They are

holding heavily discounted sales before Christmas, just as they did in the pause after the stock market crash two years ago; they admit that only a last minute rush will produce a half respectable season. For some groups, burdened with debt after

rederal Reserve estimate of a 25 per cent growth potential. The Administration is making still more bullish assumptions for its budget proposals for the 1991 fiscal year, which starts in October. These proposals, which will appear next month, assume 2.6 per cent real growth 4th quarter to 4th quarter (which ironically will be easier to achieve if the worst current fears of retailers and the car industry fears of retailers and the car industry for the current quarter come true).

the consensus. But only a minority of private forecasters expects a true recession (two successive quarters of negative growth), and only a minority of that minority seems worried about the longer term. A mild, short downturn would even be welcomed, since inflation has not yet responded to the

Fed's careful slow-down.
In the markets, indeed, bad news is treated as good news, since it is supposed that every negative number brings nearer the moment when the Fed will abandon its gradualism. The unspoken subtext is a still widespread belief that lower interest rates will turn the economy round almost instantly. This confidence has largely disappeared, though, in the motor industry and the housebuilding industry, which are both talking darkly of a

long, demographic fall in demand.
It is tempting to be sarcastic about this entrenched optimism, because the consensus economists who now foresee indefinite growth were until recently pessimists themselves. In 1987, a majority of them expected a recession to start during 1988; in 1988, a rather smaller majority expected it in 1989. It is only human to try to avoid a third embarrassment, and perhaps they have over-corrected.

There is, however, a rationale for this change of view. The forecasters have decided that they had not given sufficient weight to the revolution in inventory management of recent years. The widespread adoption of the Japanese "just-in-time" production system has certainly resulted in much more timely adjustments in output, and except in the motor industry the inventory-sales ratio has for some years been falling gently.

Past downturns have usually followed a pile-up of unwanted inventories, leading to sharp cuts in output — indeed, there was a mild panic on this account when inventories rose abruptly in the last quarter of 1987. Since the quarter had begun with the stock-market crash, this was horribly suggestive, and the Fed cut rates

since July, stocks have barely risen, except in the wholesale warehouses.

leveraged buy-outs, this may be their last Christmas; Campeau, which borrowed heavily to acquire the Federated and Allied stores groups, has already spoken openly of the possible bankruptcy of its retail side.

All the same, the consensus forecast – the average calculated by the Bine Chip newsletter – is still for a soft landing in the US, with growth through 1990 only a little below the Federal Reserve estimate of a 2.5 percent growth potential. The Adminis-

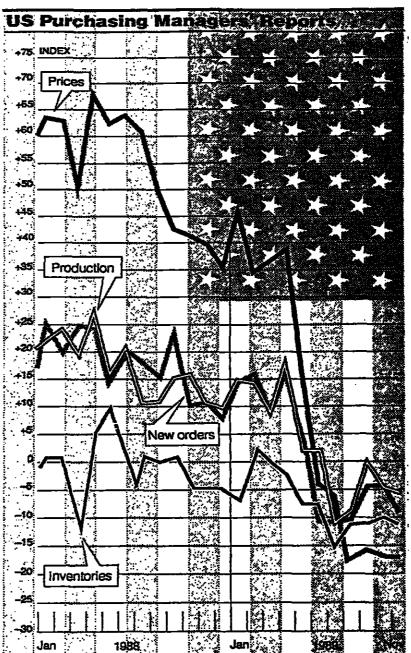
The purchasing managers are even more bullish about 1990, in spite of their depressed reports of current con-

ditions shown in the chart. This seems to defy both reason and

arply. However, it turned out that the unsold stocks were imports; when demand softened after the crash, the US industry, by contrast, made a

remarkably smooth adjustment in 1967, and, apart from the motor industry, seems to be achieving it again. Despite the standstill in retail demand The optimists therefore have some evidence for their claim that the old-fashioned inventory cycle has

475 INDEX Prices +50 Production } • • ·



been abolished. That is the rationale for hoping that the downturn can be limited to manufacturing, as it was in the second quarter of 1986.

However, there is another kind of inventory which has not been con-trolled. Commercial over-building, which was once thought to be a worry mainly in Texas and Colorado, is now

seen as general.
In Washington, the area which has seen the most consistent growth in the country, the leading local bank, Riggs, recently announced a virtual shut-down on construction loans; and in less favoured parts of the country the fear of distress sales of savings and loan assets has further depressed the market. On Wall Street there is currently something like panic selling of regional bank stocks, on fears

In these circumstances, a construc-tion slump is only a matter of time; development companies are already cutting their staffs drastically. Activity in other fields is also threatened. The over-leveraged companies created by the buy-outs and buy-ins of the 1980s find that there is no market for the assets they had hoped to sell to reduce their debts, and are cutting

employment and inventory instead. Housebuilding is already depressed, at its lowest level since 1982. Until recently, high interest rates were hlamed; but there has been little or no response to easier mortgage rates, and the industry is beginning to face up to

the facts of demography. As the National Bureau of Economic Research has shown, population trends suggest that housing demand will be depressed for up to 20 years. House prices in most places are soft, and with the investment motive for purchase gone, they are likely to fall further. This removes a "free" supply of collateral for loans, and helps to explain the steep fall in

rapid growth of recent years was a portfolio adjustment which could not go on for ever. Some forecasters have also projected a large demographic rise in personal saving, reducing consumer spending by up to 5 per cent of income during the 1990s. The demographics of the housing market seem to reinforce this effect rather powerfully in any society in which owner-

demand for consumer loans, which are now growing more slowly than

occupation is the norm, so the rise in saving could be quicker than has been forecast.

The President's 1991 budget propos-

The President's 1991 budget proposals will include a plan designed to encourage the rise in savings; perhaps fortunately, it is an attempt to get incentives on the cheap, and is not expected to have any quick effect. The White House claims that its proposals will meet the Gramm-Rudman (phased budget balancing) requirement of a \$64bn reduction in the Federal deficit. Even allowing for window-dressing, this is a strongly deflationary proposal. Of course if the pessimists are right, and the recession has already begun, the Gramm-Rudman law will automatically be suspended. Even if growth continues, but falls short of the official 2.6 per cent projection, the actual deficit will overshoot again. Whatever the outovershoot again. Whatever the out-turn, fiscal policy will be more dellaturn, uscal poncy will be more definitionary than the numbers suggest since expenditures on goods and savices will be progressively squeezed by the savings and loan rescue. The capital cost of the ball-out is now put at least \$100 km and that interest stocks. at least \$100bn, and the interest pay-

at least \$100bn, and the interest payments on this sum will simply maintain the incomes of depositors.

On top of this, many states with balanced-hudget rules are already facing shortfalls in revenue, especially from property taxes, due to the weak real estate market and the growth alowdown. They are cutting expendi-tures, or raising taxes, or both. The halanced budget laws have no let-out clause for a recession, and can there-fore destabilise the economy. They encourage governors to be spendthrift during a boom, and prescribe a aqueeze when the economy weakens.

It is hard to quantify all these effects. The new thriftiness of the consumer, which is depressing sales of all durables and not just cars, will probably reduce GDP by at least a percentage point. The state fiscal squeeze is ill-timed, but its impact will be less.

Commercial over-building, once a worry mainly in Texas and Colorado, is now seen as general

The 1991 federal budget is an unknown at this stage: the President's unknown at this stage: the President's full proposals will only be unveiled next month, and the defence programme is still under debate. There will in any case be a tussic on whether any money saved on defence should go to deficit reduction — the expected White House position — or to urgent work on the infrastructure. If the accommy looks had Compress. If the economy looks bad, Congress may well try to enforce a near Keynesian stabilisation. What can be set against this gloomy

catalogue? First, the fact that up to now the official figures show quite vigorous growth. Second, that sectoral recessions are nothing new: they have marked every stage of the expansion since 1982. Finally, the Fed now seems in a mood to relax; inflamore to a record-breaking cold spell than pressure of demand. But other sectors, like the house-

builders, may learn that when interest rates fall because of weak credit demand, no miracles should be expected. The downside risks still look much greater than at any time since the Volcker squeeze was relaxed in

### No Turks at the gates

■ No subject divides the European Community more than Turkey – not even the possible unification of Germany. Even the present, rather liberal British Foreign Secretary. Douglas Hurd, has been heard to say that Europe stops

where Turkey begins. And it is true that Article 237 of the Treaty of Rome says only that "any European State may apply to become a member of the Community," which is rather ambiguous in the case of Turkey. Yet one finds the way in which the Turkish application for membership has been turned down dispirit-

ing, to say the least. What the European Commission is actually saying is: "We don't want you, because you are Turks." The excuses about there already being enough items on the agenda are thin. The Community would readily deal with applications from other countries, such as East Germany, if it was thought to be politically expedient. Besides, the Community

might make more of Article 238, which says: "The Commu-nity may conclude with with a third State, a union of States or an international organisa-tion agreements establishing an association involving recip-rocal rights and obligations, common action and special

procedures." The article says nothing about being European. True, Turkey has an association agreement already, but one would have preferred the Commission to talk about how it might be accelerated into full membership rather than giving the brush-off. It is an insular kind of club that turns

### Duopoly

■ Waddingtons, the gamesmaker, is taking a strong line on Monopoly: the game, not the practice. For the first time, there will be a board based

## **OBSERVER**

on a British city other than London, though abroad the honour extends to such places as Sao Paulo, Paris, Copenhagen and Dublin.
The new British choice is Leeds, the company's home base. Thus for Liverpool Street, read New Pudsey Station, and for Waterworks, Yorkshire Water. London and Leeds, how-ever, will retain a British duop-oly. The new board is a limited edition designed to help the Leeds Lord Mayor's charity appeal on behalf of the deaf.

Hair in place ■ The scattered ranks of Britain's 180,000 hairdressers are facing up to the challenge of 1992. A disparate group of associations, councils and institutes – including the World Federation of Supreme Hairdressing Schools, the Fel-lowship of Hair Artists and the Caribbean and Afro Society of Hairdressers – has joined forces in the Single Voice proj-

The group has set up a working party "to monitor and investigate all matters appertaining to the hairdressing taining to the hairdressing industry within the European Community." "We need to be united, as they are elsewhere in Europe," says William Woodward, spearheading the campaign. "In France and Germany, they have a single voice. Here, hairdressers are all ploughing their own lonely furrow."

The new body will discuss

The new body will discuss proposals for harmonising any legislation pertinent to the pro-fession, such as training. It will also mount a unified attack on improving the pro-fession's image. The campaign will be "political rather than artistic," Woodward assures

Woodward, a hairdresser

for 40 years, is director of the Martanne La Croix group of salons based in the Midlands.

是用用 BANX) "I'm doing a whip-round for Lord Marshall's leaving present."

The meeting of the 13 hair-dressing bodies which set the agenda took place at the CBI Conference Centre in London.

### Old Times man

M An unexpected figure in the background of Lyonnaise des Eaux's purchase of British water shares is Charles Har-grove, who was better known on both sides of the Channel in his days as Paris correspondent of The Times from 1966 to 1982. In those days, some people said that he behaved as if he were the British

Now nearly 68 and still liv-ing in Paris, Hargrove has been retained as a consultant by Christine Morin-Postel, Lyonnaise's vice president for international operations, who describes him as "very shrewd."

Hargrove himself is modest about his role in the affair. "I had nothing to do with the financial side of it," he told me yesterday. "My job was to advise on the political drift of things — the Government's

#### plans and feeling on the back benches." In particular, he advised that

future Labour Government would be "bound to honour at least part of the obligations entered into by its predecessor," and would "not be averse to foreign shareholders in British water companies."

### Back to basics

■ Strange tales from Algeria. Two recitals that the Portuguese singer, Linda de Souza, was to have given in Algiers on December 14 and 15 were cancelled after a virulent campaign led by the Islamic Salvation Front (FIS), the largest and by far the most intolerant ments in Algeria. Clerics close to the FIS and

the Front's newspaper El Mounquid (The Saviour) campaigned strongly against the "Jewess" whose two recitals were sold out. The evening daily, Horizons, and the weekly, Algérie Actualité, have not been shy in their denunciation of FIS tactics, the latter writing of "rampant fascism." Meanwhile, the Minister of

Religious Affairs, Professor Abderahmane Chibani, a noted eye specialist whose wife is a former French trade union militant, has banned women from sharing offices with men in the ministry. Since all the secretaries are

now confined to one room. many phones no longer answer. Some Algerians are delighted by this state of affairs, which they sees as a return to basic beliefs.

### Imperial

Motice put out by Burke's Peerage yesterday: "Burke's Peerage will be closed from December 20, the anniversary of the death of Louis Dauphin of France in 1765, and will of France in Iron and win reopen on January 8 1990, the anniversary of the annulment of the marriage of King Carol II of Roumania, in 1919.

### FROM Cartier

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## Cedric Sandford explores the burden that Britain's fiscal system places on taxpayers and businesses

equal to more than 1% per cent of GDP and approaching 4 per cent of total tax revenue. More-over it is a minimum estimate. It does not include the public sector costs of the courts in dealing with tax cases or parliamentary time in passing tax legislation. It takes no account of the time and effort devoted by private sector trade and prossional bodies in preparing tax submissions. Nor does it take account of psychological costs, such as the very real stress and anxiety, felt especially by some of the old and by widows who have never by whows who have never been used to dealing with tax affairs and find them incom-prehensible. Allowing for the effect of inflation, the estimated cost for the current year

would be around 26bm.
This estimate of the volume arces required to operor resources required to operate the tax system is one of the main findings of a study undertaken at the Bath University Centre for Fiscal Studies, just published. The study was financed mainly by the Economic and Social Research Council and varyagements over a Council and represents over a

These "operating costs" of the tax system consist of administrative costs (public sector) and compliance costs (private sector). The administrative costs are incurred by Inland Revenue and Customs and Excise, and the part of the costs of the Department of Social Security which arise from collecting national insur-ance contributions. Compliance costs for individuals include the time and money of meeting the requirements laid on them by the tax system, mostly in connection with income tax such as filling in tax returns, filling necessary data and perhaps paying a tax

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Even more important are the costs to businesses, which have to collect taxes on their products, such as VAT and excise duties; deduct income tax and national insurance contributions from their employees; and compile the records necessary to pay tax on their profits, whether as sched-ule D income tax, corporation-

tax or petroleum revenue tax.
Also included in compliance
costs are the special costs incurred by banks and building societies in operating mortgage interest relief at source (MIRAS) and composite rate tax (CRT) and supplying infor-mation to the Inland Revenue;

t cost the equivalent of over 15hn to collect instees in respect of taxes on United Kingdom faxes in itrusts. The table sets out estimates of administrative and compliance costs for each tax compliance costs for each tax or group of taxes in 1986-87 and also expresses them as a per-

Overall, as the table shows, private-sector compliance costs are more than twice the level of administrative costs, and the difference is particularly marked for the big revenueyielding central government taxes - income tax including national insurance contributions and capital gains tax,

VAT and corporation tax.
A cost-cutting government may be tempted to reduce its own administrative costs by placing more responsibilities on business or individuals. Unless it can be shown that such a transfer reduces total operating costs (in which case there is an argument for compensating the private sector) such a move is retrograde.

Compliance costs create more resenument and give rise to more psychological costs than administrative costs; they are less seen in more to more psychological costs.

are less easy to monitor and control; above all, compliance costs are less equitable. Administrative costs, paid for by taxation, can be assumed to be distributed according to some government criterion about how the tax burden should be spread. This is not so

of compliance costs.

The biggest unfairness associated with tax compliance is the disproportionate burden it imposes on small companies. What might be called the regressiveness of tax compliance costs applies in its most extreme form to VAT. The study estimated that in 1986-87 the legislated band of companies. study estimated that in 1986-87 the lowest band of compulsorily registered traders (£20,500-£50,000) bore compliance costs which averaged £7.50 for every £1,000 of goods sold; the corresponding figure for companies with a turnover above £10 million was 3p.

his regressiveness is also found in the costs to employers of collecting PAYE and national insurance contributions, in income tax on the self employed, in corporation tax and in some of the minor taxes. The effect is cumulative, Some small busi-nesses experience this regresnesses experience this regressive effect in respect of three or more taxes. Where small businesses compete with large, the small are being put at a state-created competitive disadvantage. The disadvantage arises because there are substantial accordances of scale in stantial economies of scale in the work of tax collection and

What it costs to collect tax



UK TAX COLLECTING COSTS 1986-87

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	REVENUE				LIANCE STS	OPER/	
	£bn	£m	%	£m	%	£m	*
income Tax, CGT							
8. NI contributions	65.1	997	1.53	2,212	3.40	3,209	4,93
VAT	21.4	220	1.03	791	3.59	1,011	4.72
Corporation Tax	13.5	70	0.52	300	2.22	370	2.74
Petroleum Revenue Tax	1.2	1	0.12	5	0.44	7	0.56
Excise Duties (hydro-							
carbon oils, tobacco,							
alcoholic drinks)	16.5	42	0.25	33	0.20	75	0.45
dinor Taxes (stamp duty,							
HT, car, betting & gaming)	4,6	39	0.85	68	1,48	107	2,33
Overall Central Govt.	122.3	1,369	1.12	3,409	2.79	4,778	3.91
Local Rates	15.5	236	1.52	58	0.37	294	1.89
Overail Central & Local Go	vt. 137.8	1,605	1.16	3,457	2.52	5,072	3.68

tax remittance. Small businesses, which have deliberately sought to fill economic niches where economies of scale are nil or limited, are being forced to engage in an activity which disadvantages them compared with their larger rivals.

The picture is not wholly black for business and even for small companies; there can be some offsetting advantages. Thus some of the small businesses surveyed recognised that the better records they were compelled to keep to satisfy the VAT inspectors brought managerial advan-tages and might, for example, reduce their accountants' bills for income tax. A larger and more quantifiable offset to

businesses arises from the cash flow benefit from collecting taxes such as VAT or PAYE income tax, which may legitimately be held for a period before being remitted to the revenue authorities. For the biggest companies, the value of this benefit often exceeds the compliance cost, especially when interest rates are high. The small firm, however, is left with a substantial net cost. How reliable are these figures? The estimates of administration

trative costs are almost wholly drawn from official sources. Measuring compliance costs is more difficult. In the study, data on compliance costs is based on four large-scale sample surveys covering VAT, personal income tax (including

capital gains tax), the costs to employers of collecting PAYE and national insurance contributions and corporation tax. Other taxes were covered by smaller surveys or by esti-mates based on analysis of the processes required to comply and discussions with those who had to administer and

comply with the tax.

The estimates for excise duties, the minor taxes and local rates are more specula-tive than those relating to the major central government taxes which were the subject of surveys, but the latter taxes yielded 82 per cent of central government revenue and (if the estimates are approximately accurate) generated some 95 per cent of total com-

pliance costs. The accuracy of the total estimate rests funda-mentally on the validity of the SULVENE.

The surveys were undertaken with the full co-opera-tion of Inland Revenue and Customs and Excise. As a result it was possible to draw the samples from the best possible sources (although by pro-cedures which ensured confdentiality and anonymity). Thus, for example, the sample of VAT traders was drawn from the VAT register. Thus it was possible to ensure that the sample of businesses was representative in terms of size and economic sector.

Of course, no-one would maintain that the estimates are accurate to the last digit. But they would have to be very wide of the mark to gainsay the main findings. The authors are confident that this is not

the case. What, then, are the main policy conclusions? Let us concen-trate on those relating to compliance costs which, in the past, have been the neglected area. The conclusions can be conveniently grouped under four heads: recognition, allocation, minimisation and compensation.

• Recognition. The starting

point of any policy on compliance costs is an explicit recognition of their importance an importance which derives both from sheer size and from their distributional effects. As a matter of course, compliance costs should be taken into account, along with other considerations, in every decision on tax policy. In fact the United Kingdom government has gone further than almost any other country in the recognition it has given to compli-ance costs in its statements. For example, compliance costs figure in its deregulation white papers and are explicitly mentioned in the Taxpayers' Char-ter issued in 1986.

Yet there remains some way to go. The ideal would be a tax cost budget, published as part of the Budget Statement, which included a quantitative estimate of both the administrative and the compliance costs of projected tax changes. The difficulties of estimation are obvious, but if the attempt were made, growing experience and the ensuing development of more sophisticated techniques would, as with the estimation of the revenue effects of tax changes, bring increas-

ing accuracy.

Allocation. Because of the transferability of operating costs, the division of responsibilities between public and pri-vate sector arising from an important tax change should be a matter of most careful consideration. As we saw, where total operating costs are the same, there are strong arguments for placing more cost on the administration and less on the taxpayer. The United Kingdom government and its revenue departments have not been immune to the

temptations to do the reverse to reduce administrative costs at the expense of compliance costs. To taken one example from each of the revenue departments: Customs and Excise have cut back on educa-tional visits to VAT traders forcing them to rely more heavily on (expensive) accountancy services; and a trivial but very clear example is the decision of Inland Revenue to cease sending stamped addressed envelopes with tax return forms, leaving the cost of postage to the taxpayer.

 Minimisation. Clearly, one objective of policy along with others, should be to minimise compliance costs, especially for small businesses. Some impor-tant measures to this effect have been taken by the government; but the need is continuous and the scope immense it ranges from simple measures such as the provision of information and advice and improv-ing the comprehensibility of tax literature to major issues of the stability of tax legislation and the simplicity of the tax structure.

Compensation. Where compliance costs represent a particular burden which is not susceptible to reduction, there could well be a case for compensation. This is most generally true of the disproportionate burden faced by small

here are many possible ways of offsetting the competitive disadvan-tage the tax system imposes on small businesses. One simple compensation mechanism already exists - the cash flow benefit, in relation to VAT and PAYE the United Kingdom could adopt the practice, prevalent in some other countries, of having differential payment periods, with larger companies being required to make VAT and PAYE payments to the Exchequer more frequently than smaller companies.

Circumstances in which direct financial compensation should be paid by the state must always be limited. But there are some which call for more sympathetic treatment. Thus, for example, there is a strong moral case for compen-sating the taxpayer who emerges innocent after having suffered the expense and stress of an in-depth investigation. There is also a case for providing compensation, at least for the temporary expenses, in those cases where total operat-ing costs are reduced by passing over to the private sector duties hitherto carried out by the public sector.

The author is Professor Emeritus of the University of Bath and was formerly the Director of the Bath University Centre for Fiscal Studies.

\* Administrative and Compliance Costs of Taxation, Cedric Sandford, Michael Godwin and Peter Hardwick, Fiscal Publications, Old Coach House, Fers-field, Perrymead, Bath, £40.

### Britain's interest in Hong Kong's ongoing success

From Mr Michael Pattison.
Sir, Research by Hong Kong
University in the property and
construction sector adds an
extra dimension to your report
(December 18) on the intentions of Hong Kong profession. tions of Hong Kong profession-

The research in a report as yet unpublished, shows a big change in attitude among Hong Kong's 1,250 chartered surveyors following the Chinese army's use of force against demonstrators in Peking's Tiananmen Square in

June. The number of those who had "no intention" of emigrating dropped from 44 per cent before the massacre to 11 per cent after. However, if offered the assurance of UK right of shode as a fallback, an overwhelming 85 per cent would wish to stay in Hong Kong and only emigrate "If the situation turned critical." The same report confirms that property and construction make a contribution to the Hong Kong GDP equal to that of manufacturing.

omy the confidence to stay.

Then we must show China
the advantages of joining the
international economic com-We do nothing for our repu-tation nor for our self-interest by allowing some of our politi-cians to capitalise on latent British racism in setting the agenda for discussion on this munity and introducing a populist, democratic system for crucial issue. We are returning electing future governments. the territory of Hong Kong to China. We probably have no right to return Hong Kong peo-ple to Chinese rule but, having decided to do it, we must make

The continuing economic success of Hong Kong can be as valuable for Britain as for China. Michael Pattison, The Royal Institution of Chartered Surveyors, 12 Great George St., every possible attempt to leave

in place a vibrant economy. That can only be achieved by giving key people in the econ-

#### Scotland wants to be considered normal member within EC

From Winifred Exoting MEP.

Sir, In "A pelitical time bomb," James Buxton — writing in your Scotland survey (December 15) — umfairly dismisses the results in Scotland of the June European elections. In that contest, the Scottish National Party won 26.7 per cent of the vote. Under a system of proportional representation — in which electors realise that votes for the party they prefer bear significantly on the outcome — the SNP would have attracted even more votes.

In the assertion that "Scotland is little different from other outlying regions of

Britain" lies the kernel of theoutsider's erroneous perception of Scotland. Scotland is not a or scottami. Scottami is not a region, but an equal partner with England under the Treaty of Rome. Sadly, this has been a partnership of Jonah and the

The events now taking place in eastern Europe remind the Scots that self-government is the norm. A clear majority here want Scotland to be a normal member country of the European Community. Winifred Ewing,

Scottish National Party 52 Queen's Drive,

#### Credit card fees must be viewed as implicit admission of failure

From Mr Matthew Topham. Sir, The credit card companies have communicated their views on card fees so effecviews on card fees so effectively that they are now accepted as fact. David Barchard ("Lloyds takes plunge," December 9) repeats the myth that card holders who pay their accounts in full each month are subsidised by those

I have always understood that the commission charge to retailers exceeds the financing cost over the normal account period and that with an effi-cient operation there is a ressonable margin of profit. The interest rate on borrowing is high because it is very high risk lending with no security against a weak credit reference. All the companies' bad debts have to be allocated against the borrowing class of

If Lloyds now feel that they have to charge all account holders a fee in order to main-tain their operations, they are implicitly announcing either that they can no longer run an efficient transaction processing service or, more probably, that their portfolio of borrowers has gone out of control.
Matthew Topham,
49 St Fabians Drive,
Cheknsford,

From Diane Abbott, MP.
Sir, Samuel Brittan ("Bogey
of the basic balance," December 14) echoes the views on capital flows presented by the Government and its advisers to the Treasury and Civil Service Committee in its hearings on the Autumn Statement. Unfor-tunately they are wrong. In a letter to me earlier this

month, Sir Terence Burns, the Treasury's chief economic adviser, admitted formally for the first time that: "As part of the detailed figuring underly-ing the published forecast we do look carefully at the capital account [of the balance of payments], and . . . this forms an important part of our overall assessment of monetary conditions. It therefore remains extraordinary, and undermines the ability of the House of Commons to do its work, that the Treasury refuses to publish figures for examination by the Treasury Committee which

form an "important part" of the government's projections. This makes a mockery of par-liamentary supervision in examining economic policy. Mr Brittan's and Sir Terence's arguments on the dis-tinction between long-term and

short-term capital flows are essentially the same, but invalid. The crucial issue is the determinants of the capital flows; that is, the factors they are sensitive to and the degree to which they are affected by

interest rates. The outflow of portfolio capi-tal at a rate equivalent to 6 per cent of GDP in the first half of 1989 requires (to avoid devalua-tion under conditions of a current account deficit) a counterbalancing capital inflow equivalent to 6 per cent of GDP. This was accounted for in the first six months of 1989 by net international borrowing by UK banks equivalent to 3

per cent of GDP and net international borrowing by other sections of the private sector equivalent to a further 3 per cant of GDP. The portfolio out-flow, reflected in the basic balance therefore puts upward pressure on interest rates – thereby cutting domestic investment and increasing recessionary pressures.

It is absurd for Britain to attempt to be a major exporter of portfolio (or direct) capital in conditions where it is run-ning a large current account deficit. No other major econ-omy in the world attempts to

There are two types of relatively coherent international orientations which can involve a substantial imbalance in the current and capital accounts of the balance of payments. The first is to generate a large cur-rent account surplus and be a large exporter of capital, a course followed by West Ger-

Britain trying to do the impossible with capital exports and deficit many and Japan. The second is to run a large current account deficit and to be a large importer of long term capital - a benign case in an underdeveloped country and a malig-nant one in the case of the US. Britain, however, is attempting to do the impossible - to run a large current account deficit and to be a larger exporter of portfolio capital; that is, to be a large capital exporter on the basis of bor-

rowed money.

The inevitable result is the extremely high interest rates we are now experiencing. Far from being irrelevant, the increasing deficit in the basic balance creates constant upward pressure on interest rates - with damaging conse-quences for the domestic econ-

omy. Diane Abbott, House of Commons,

### IANUARY 9.10 & 11.1990: RUB SHOULDERS WITH **EUROPE'S TOP PLAYERS IN FINANCE**



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PALAIS DES CONGRÈS - Porte Maillet 75017 Paris.

### EC and Efta agree timetable for treaty negotiations

THE GREEN LIGHT was given yesterday for negotiations to start in the first half of next year aimed at allowing goods, services, labour and capital to flow freely between the 19 countries of the European Community and the European Free Trade Association.

Foreign ministers of the two blocs agreed that negotiations to create a European Economic Space (EES), a market of 350m people, should be concluded as rapidly as possible, though even on timing the two sides

could not quite agree.

Mr Frans Andriessen, the EC Commissioner for external policy, warned Efta might be putting "too many constraints" on the negotiations by urging that the talks finish by the end of 1990. The important deadline, he said, was for a treaty to be concluded and ratified by the

start of 1993, when the Community is due to finish its own single market programme.

However, he was encouraged by the fact that both sides had been able to identify clearly the problems — of which reaching EES decisions by consensus was the biggest — and had indicated their political will to overcome them.

Mr. Jon Hannibalsson, For-

Mr Jon Hannibalsson, For-eign Minister of Iceland, cur-

tent Efta chairman, said: "We would not be satisfied in accepting passively faits accomptis (by the EC). New regulations and laws covering the EES should be the result of equal participation."

The aim is to extend to Efta the free flow of goods, services, capital and people, which the 12 are in the throes of establishing among themselves. In this process, Brussels will be

asking Efta countries to accept much of EC rules on competi-tion, public procurement and

The thorniest political problem will be how to take EES decisions in a way that leaves the EC's cherished autonomy to take its own decisions, but satisfies Effa states that they are not being reduced to pas-sive satellites of Brussels.

### BRAZIL'S PRESIDENT-ELECT PONDERS INAUGURATION DATE Victorious Collor may bide his time with Clowes

PRESIDENT José Sarney of Brazil has let it be known that he would offer no resistance if

his successor, Mr Fernando Collor de Mello, insists on taking office before March 15 the official inauguration But the victor in Sunday's

election is understood to be reluctant to take up the offer, preferring to use the interim period to prepare his own gov-Mr Sarney, who has until now vehemently defended com-pleting his mandate, has been

under growing pressure from political enemies and allies to give way. Many economists believe it will now be hard for his lame-duck government to keep the

lid on the rapidly deteriorating economy. Unofficial reports yesterday suggested the infla-tion rate in December will exceed 50 per cent. Mr Collor's advisers, however, have apparently under-

lined to the President-elect the value of taking his time, not least for the political advan-tages to be gained from delaying the handover. An early inauguration would

require the approval of Con-gress – a vote Mr Sarney has now declared he would not

But many in the Collor team privately say that there must be a further deterioration in the economy before the conditions are right to implement the tough package of emergency measures under prepara-tion. Some planned measures have been leaked of the package which will emerge immediately after the inauguration. They are said to include the dismissal of 20,000 civil servants and a rapid start to comprehensive land reform.



President-elect Fernando Collor de Mello: prefers to use the interim period before taking office to form his own government.

steps to right the economy immediately on taking office, counting on Congress to give its approval on the basis of his ntial popular mandate. As his economic team met in Brasilia, the Supreme Electoral Tribunal continued to count

the final votes from Sunday's

say that he will take dramatic cent of the hallot counted, Mr news broadcast by the Globo ciliation.

Collor, the centre-right candidate, had won 32.2m votes and his socialist opponent, Mr Luis Inácio Lula da Silva, 29.6m. The vast majority of votes still to come are believed to be for Mr Collor.

Protests continued yesterday among some of Mr Lula's suptelevision network that allegedly gave more time and favourable coverage to Mr Col-

There is also widespread anger on the left at the action of bus company owners in sev-eral big cities who attempted to make voting more difficult for the socialist's supporters by

withdrawing services.
However, Mr Lula was
expected to concede defeat in a press conference due to be held yesterday evening in São

Mr Lula's aides are attributing the loss of the contest to a failure to get out the São Paulo vote - the largest electoral area - and the reluctance of the social democratic centre to

back their candidate. Mr Collor, who towards the end of the campaign adopted a fiercely anti-communist tone, is now attempting to woo this substantial segment of the population, many of whom regard the President-elect as having an aggressive, hypocritical and even unbalanced personality.

Many were shocked in particular by his decision to use in

television propaganda the bit-ter testimony of the mother of a child of Mr Lula's, born out of wedlock. She had attacked the leftwinger for urging her to have an abortion and for alleged racism,

In an attempt to heal wounds from what was, on occasions, a vicious and underhand campaign, a close aide of Mr Collor told reporters yester-day that the new government would be social-democratic in character with its highest com-mitment to improve the lot of

There have also been reports of overtures to the Catholic church, the bulk of which backed Mr Lula, to support a

China's leaders and callous to the Chinese and American peo-

"One does not earn res abroad by reversing field within months and practising double standards." Mr Lord argued that, even

on its own terms, the mission was "severely misguided" since it undermined "closet moder-ates" within the Peking leadership.

"Far from strengthening

their hand, the administration has robbed them of the argument that Chinese repression and xenophobia entail costs, Japan, Europe and others will feel free to follow the Scow-croft trail."

### Secret Peking trip angers US Congress By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush's policy of keeping open high-level contacts with the Chinese leadership has come under renewed fire from congressional leaders and a former US ambassador to Peking. Controversy over the visit to

Peking 10 days ago by Mr Brent Scowcroft, the Presi-dent's National Security adviser, and Mr Lawrence Eagleburger, the deputy Secretary of State, has been increased by the disclosure that the two officials made a secret trip there in July, a month after the massacre of protesters in Tianan-

Senator George Mitchell, the Democratic Majority leader of the Senate, said the visits made "a mockery of our profes-sion of concern for human

rights". He called for full dis-closure of the Administration's contacts with the Chinese lead-

ership.
The Administration will now find it more difficult to head off additional sanctions against China when Congress returns in just over a month.

The July mission has provoked particular criticism since the Administration had just announced suspension of high-level exchanges between the two countries.

These included the cancellation of a trip planned by Mr Robert Mosbacher, the Com-merce Secretary. The White House was yesterday drawing a distinction between public exchanges (suspended) and

The White House has said that in July Mr Scowcroft and Mr Eagleburger personally explained to the Chinese leadership US "shock and concern" over the violent crackdown.

President Bush has been unrepentant about ordering the visits, saying that his critics would have to be patient and wait and see how the Chinese leadership responded.

The critics were strength-ened yesterday by an article in the Washington Post by Mr Winston Lord, ambassador to Peking from 1985 until earlier

Mr Lord described the most recent mission as a "misguided In the article, written before the disclosure of the July mission, Mr Lord said: "One does not shore up the long-term foundations for Sino-American relations by appearing weak to

### UK to offer refuge for 225,000 from Hong Kong

Continued from Page 1 to opt – at least officially – for a second, slightly lower, esti-mate of about 50,000 heads of

household.
Senior Whitehall officials said last night that by announcing that figure – and sticking to the same overall total of 225,000 – Mr Hurd could guard against an underestimate of the number of dependents are the number of dependents per

Today's announcement lobbying against any such tion of a Bill in the current scheme by prominent Consersession of parliament. vative MPs and a hour-long discussion yesterday by the Cahinet on the details of the proposals.

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understood to have expressed concern about the size of the potential rebellion and Mr vicholas Ridley, the Trade and Industry Secretary, was said to have spoken against any such legislation.

Those concerns are thought

to have persuaded Mrs Margaret Thatcher, the Prime Min-ister, against setting down a firm timetable for the legisla-tion, although Mr Hurd is thought to favour the introduc-

His statement today will be followed early in the new year by an intense ministerial cam-paign to persuade backbench

WORLD WEATHER

MPs to support the policy.

They will argue that the package is essential to prevent an accelerated flight of the most skilled and essential workers from the colony and that it will not involve a mas-sive influx into the UK.

Mr Hurd's view is that the issuing of passports will encourage those people to stay in the colony in the knowledge that they have an "insurance policy" on which to fall back if China does not live up to its obligations.

Under the points system to be introduced by the Government, about two thirds of those likely to qualify will be in key private sector jobs with the

remainder in the public ser-

Points will be awarded on the basis of a number of criteria ranging from the extent of an individual's links with the UK to educational qualifications and the person's position in a particular company or government department.

Mrs Thatcher, speaking in the House of Commons yester-day, emphasised the Government's duty towards civil servants in Hong Kong and towards providing assurances for key workers upon whom the colony's prosperity depended.

## win £150m bail-out

By Richard Waters

investors

THE 18,000 investors caught up in the collapse of the Bar-low Clowes investment group are to receive up to a total of £150m in compensation in an unprecedented government bail-out.

Virtually all the investors will get back 90 per cent of their money plus compound interest since the date of the collapse of the group 18

months ago. News of the payment, which brings to an end campaigning by the mainly elderly inves-tors, many of whom stood to lose most of their life savings, followed the publication yes-terday of a highly critical report by the Parliamentary Ombudsman, Sir Anthony Bar-rowclough, into the DTI's han-dling of the Cheshire-based

group over 13 years.

The Ombudsman accused the Department of "significant maladministration" over it handling of the Barlow Clowes affair in his 170-page report. This included allowing Bar-low Clowes to operate without

a licence for 10 years and later ssuing a licence when the DTI had concerns about the group. The Ombudsman criticised "the lack of a sufficiently rig-orous and inquiring approach."

approach."
Announcing the payment Mr
Nicholas Ridley, Secretary of
State for Trade and Industry,
said that the government did
not accept the Ombudsman's
main findings, and that it did
not accept legal liability. However, he pointed to "a number
of nuusual features which takof unusual features which takcase from other business failures" and justified the com-

These included the inadequacy of the regulatory machinery before April 1988, when the Financial Services Act was introduced. Mr Ridley added: "It is also true that a large number of investors, many of them elderly, have

suffered hardship."

The payment to investors, due in February, is far more generous than most of those close to the affair had expected. It covers all investors in both the offshore and UK-based funds, and is expected by the liquidators who will be administering it to cost

£150m-£170m. The government indicated yesterday that it expected to recover much of this, partly by suing advisers and others who could be held liable.

Investors who accept will Investors who accept will have to assign any rights they have in relation to Barlow Clowes to the DTI. This includes rights to the £30m already controlled by the liquidators of Barlow Clowes International, the group's Gibraltar-based fund, and the further £25m-£35m the liquidators expect to recovering the £100m or so shortfall

ing the £100m or so shortfall will be through legal action against others involved in the affair. Those whose involvement has already been studied by the joint liquidators with a view to assembling a legal case include auditors and reporting accountants, includ-ing Spicer & Oppenheim and Touche Ross; lawyers, includ-ing Herbert Smith; bankers, including Midland and Lloyds; and financial intermediaries who recommended investment Responsibility clouded, Page 8; Editorial comment, Page 14

### Delay in IMF agreement with Poland

Continued from Page 1

of Intent Even if Mr Mazowiecki were to approve the text by the end of the week this would leave little time to arrange the loans which Poland needs by Janu-ary 1 for the programme to

However, the reasons for the unexpected delay in signing the letter of intent are not regarded as fundamental by IMF officials in Washington.

Officials say there are aspects in the draft letter which must be reviewed by both sides and this might take

a few days. The delays are described as "procedural." But the IMF and Poland are said to be "getting pretty close" and an agreement is still possible before January. Meanwhile, the Polish Par-liament is working at break-neck greed to pass a wass of neck speed to pass a mass of legislation and next year's budget by the beginning of the

 Polish authorities have given a licence to the first foreign banking operation in the country since the Second

The American Bank in Poland, a joint venture with 80 per cent of the \$7,2m initial per cent of the \$7.20 initial capital in Western hands, yesterday said it would soon be operational. Mr Witold Sulimirski, formerly of the Irving Trust Company in New York, described the venture as "a merchant banking operation which would concentrate an which would concentrate on

Some 30 Western banks have expressed an interest in joint ventures in Poland and about five are expected to win

### THE LEX COLUMN Another fine mess from the DTI

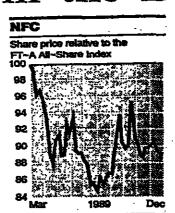
in human terms, the Barlow Clowes affair is such a sorry tale that the Government's decision to compensate its vic-tims can only be right, whatever electoral motives lie behind it. But there are two false notes. One is the DTS attempt, in 20 pages of sophistry with which it rejects the Ombudsman's findings of maladministration, to rewrite the principles of investor protec-tion. The second is the suspi-cion that the whole affair could happen again.
The DTI's central contention

is that regulatory authorities should never be held liable for damages, even if the grossest negligence is proved. After all, the Financial Services Act gives self-regulatory organisa-tions, such as The Securities Association, legal immunity. But as the County NatWest saga demonstrated, these days the City's self-regulation is a very tough and public affair. and that can apply to SROs themselves. You may not be able to sue an SRO, but its officers have a pretty short life expectancy if they get things badly wrong. In Whitehall, on the other hand, even the offending officials' names are secret; giving the Government total legal immunity would mean the public would have no redress at all against wrongful

As for Barlow Clowes, legally the FSA's provisions should prevent a recurrence. The problem is the human fac-tor. If something was rotten in the DTI, it was not so much obsolete anti-fraud legislation as the people and the system responsible for administering it. Nine months before Mr Clowes's empire collapsed, a policeman from the Greater Manchester drugs squad told a DTI official that Barlow Clowes was said to have shipped £1m abroad in chartered jets. Similar tales of the DTI's sluggish response to warnings from the City amply justify the Ombuds-man's finding that the DTI lacked "a sufficiently rigorous and enquiring approach." The corollary is that picking the right people to be regulators and getting the right inquisitive culture matters just as much as a legally elegant investor protection system.

NFC

It is easy to pick holes in NFC's latest annual profits announcement. Strip out a £5m saving on pension contributions, £7m of loss elimination and a more than doubling in the contribution from property profits, and the £23.1m rise in



pre-tax profits does not look so spectacular. Indeed, NFC's profits are not much different from its best guess almost a year ago. But while it does have the benefit of a handsome property cushion with which to smooth its profits progress, it is a brave move when a company in one of the most sensi-tive areas of the economy indicates that it intends to grow its profits more than twice as fast as the market average in the coming year.

NFC is more diversified than

many of its competitors, its productivity is better and it is benefiting from its growing overseas businesses. Neverthe-less, it has its problem areas. Its travel business is losing money, its truck rental side is a good barometer of the slowing UK economy and it has yet to solve the problems of over-capacity in the cold storage business. However, NFC's strength in areas like food distribution, property develop-ment and a strong balance sheet should provide this year's profits growth and jus-tify its continued premium rat-ing both to the market and the sector. It is easy to dismiss this example of worker participa-tion as a gimmick, but if Brit-ish Rail were ever to be run like NFC, the Government's problems would vanish.

The bulls have held sway in

the art world for so long that it is not surprising that some commentators have started to call the top of the market. Yesterday's sales figures from Christies and Sotheby's illustrated just how strong the growth has been Autumn sales rose by 70 per cent at the former and doubled at the lat-ter in sterling terms. Since 1979, Christies' annual sales have increased tenfold.

prices in the impressionist and contemporary art markets may have started to level out, after their recent phenomenal growth. But the few recent growth. But the few recent sales disappointments seem to have been caused by overenthusiastic estimates from the competing auction houses rather than a dearth of buying interest. The big sums paid for Yan Goghs may capture the headlines but a hint of realism at the top end of the market would not necessarily signal the death knell for the rest. There are plenty of sectors, such as sculpture or Old Masters, which have room to catch up with the moderns, rather as regional UK house prices evenregional UK house prices even-tually track those in the capi-

The key to the strength of the art market is the breadth of the buying interest — for of the buying interest — for every Australian financier that drops out, there is a Japanese industrialist or insurance company ready to fill the breach. Only a worldwide recession, which might push the wealthy into more liquid assets, might threaten the entire art market. Even then, there are still areas of the world — South East. of the world - South East Asia, Latin America – where the newly rich will be seeking status symbols.

Standard Chartered It is no great surprise that Standard Chartered has been Standard Chartered has been the worst performing UK bank share over the last year. While the sector has done better than the market for the first time in a long while, Standard has underperformed by 13 per cent, mainly because it always seems to be running so fast just to keep still. The sums raised from the recent string of property disposals have been disappointing; and although vesterday's agreement with Westdeutsche Landesbank marks an end to the period of major asset sales, there is the nagging worry that the group could still do with more capi-

A risk asset ratio of 11 per cent will no longer look so respectable once Standard Chartered catches up again with its peer group in respect of extra Third World debt pro-visioning. However, Standard would find it hard to justify another rights issue and a cut in the 8% per cent yield would be had for investor morale. The only consolation for sharehold ers is that the cleaner the balance sheet, the more vulnera-ble the bank becomes to a bid; and this is something the authorities would almost cer-There have been signs that tainly welcome.

S. ENC.

These Notes having been sold.



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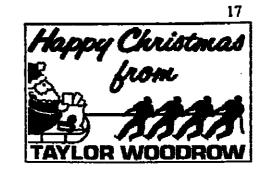
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INSIDE

#### Challenger wastes no time

No one could accuse New Zealand's Fletcher Challenge of wasting time. No sooner had it topped Meisä-Seria's offer for UK Paper than it was claiming victory in the bid battle. Its £299m cash offer having falled to entice the Finnish group to improve on the £263m bid it made last month, Fletcher Challenge bought more shares in the market, to take its stake in UK Paper to about 42 per cent. With the addition of acceptances from the board and management, it claims to have more than 50 per cent. Maggie

#### Spanish tempers fly



Dignity and composure. The Spanish banking industry has come close to losing both in the unspenily scramble for control of Banco Bilbao Vizcaya, following the sudden death last week of one of its co-presidents, Mr Pedro Toledo (left). The 1988 merger between Banco de Bilbao and Banco de Viz-

caya looked an ideal marriage. But Mr Toledo's death has shown up just how deep has been mistrust - and how little has been the progress made in integrating the two banks. Peter Bruce reports. Page 20

#### Challenge born of opportunity

Ten years ago, US bankers and brokers talked almost messianically about globalisation. Capi-tal barriers would fall, there would be seamless 24-hour trading across time zones and full-service institutions would serve farmers in lows and car workers in Osaka. But the reality has turned out to be somewhat different. Globalisation is still in its very early stages and there has been a significant change in the rhetoric. Then, globalisation was seen in the US as an opportunity; now, it is an urgent challenge.

#### Hate thy neighbour

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Burn Carante



They have the sports cars, enjoy foreign holidays and are even considering building their own golf course. Yes, there's no shortage of cash in the Japanese village of Ogata. Rice, the gift from the gods in Japanese legend, has the gri from the gods in Japanese legend, has brought riches to some of the country's wealthlest farmers. But the community is split into two warring factions, whose members trade insults if they meet in the street. Neighbours refuse to speak to each other. Their children fight at school. Mr Seiki Miyata, the the other half is suing him in court. Stefan Wagstyl explains why. Page 24

The 12-month Viennese whirl In Vienna they deserve a Sachertorte, with a helping of Schlagobers. As Christmas approaches, books on the Austrian bourse are just about closed. The trading half is quiet. But brokers can take satisfaction from a year that has seen the exchange's index rise 98 per cent, compared with only a 17 per cent increase in 1988. Judy Dempsey looks back at the year and assesses prospects for 1990.

### Market Statistics

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### • FINANCIAL TIMES 1989 Spotting the real spider in the web

George Graham looks at the financial network being built up by France's Suez group

🕇 ompagnie Financière de Suez has been working on a complicated jigsaw for some time now. But this week a few more pieces have fallen into place – bringing a clearer idea of how the finished puzzle will look. The deal which refinanced the French financial conglomerate's se of Groupe Victoire, its compatriot insurance group, con-secrated the creation of a new three-headed Suez: the original banking interests centred on Banque Indosuez; an industrial division acquired through the bitterly fought takeover of Société Générale de Belgique; and now insurance, clustered around Vic-

In many ways, Suez remains at the centre of the web thus created - a network whose insurance interests cover France with Victoire, West Germany with Colonia/Nordstern, the Netherlands with Nieuw Rotterdam and Denmark with Baltica.

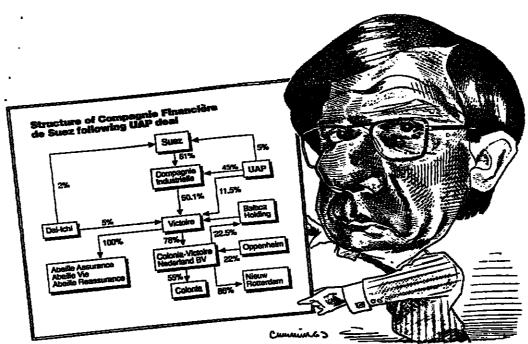
It retains majority control, at each level of the structure cre-ated, and also in consolidated ated, and also in consolidated terms. Mr Renaud de la Genière, Suez's chairman, says the group plans to stay above 50 per cent in consolidated terms.

Yet Union des Assurances de Paris (UAP), the largest insurance company in France, may really be the spider in this web. In addition to its new 34 per cent

In addition to its new 34 per cent consolidated interest in Victoire and its associates, UAP's existing European interests stretch from 25 per cent of Sun Life in Britain, to 35 per cent of Sun late in Stitain, to 35 per cent of Royale Belge, the largest Belgian insurer, and to Allsecures, the Italian non-life company it bought earlier this year from the Toro group.

Mr Jean Peyrelevade, UAP's chairmen has marked to create

chairman, has worked to create this network from the belief that, even if it takes time, Europe will eventually become a single mar-ket for insurance. The deal with nership with Sir James Gold-



Renaud de la Genière: group plans to keep majority control in consolidated terms smith's bid for Farmers' parent, Suez solves at one stroke UAP's

BAT Industries.

Other insurers are more

reserved about the profitability of

major acquisitions overseas and

more convinced that Europe's

component national markets will

retain their distinct characteris-

tics for years to come.
"You will have noticed that,

with the exceptions of Allianz and Generali, it is only the French that have adopted this

notion that you have to buy a company in each country at any price. That does not necessarily

mean that the French are clev-

erer than all the others," com-

mented one sceptical senior

French insurer, adding that he would not have been willing to

largest remaining problem: West UAP is expected to announce a smaller acquisition in southern

Smaller acquisition in southern Europe next month, and is still looking for a non-life company in the UK market.

Mr Peyrelevade sees little pros-pect of inter-connection between the European market and the other two major insurance markets, Japan and North America, and for this reason his strategy has concentrated on Europe. His view is not shared by all. Mr Claude Bébéar, chairman of the Axa-Midi group, has added the US to his targets with a bid

pay the FFr14.4bn (\$2.43bn) UAP has spent on its 34 per cent interest in Victoire. A glance at the areas cited by UAP and Suez for co-operation

between the different insurance

companies that now make up the

network tends to encourage the sceptics. Reinsurance is the first topic to be mentioned - although specialists in the sector smile at the idea of Kölnische Rück, Colonia's reinsurance subsidiary, working with the rather different Abeille

Re. Victoire's reinsurer. Emergency and travel assistance networks are another point, as well as joint acquisitions in third countries.

modest in mainstream insurance, however, and critics of the expan-sionist policy suggest that before the European insurance market unifies, they will have plenty of time to try to build up their own networks more chearly than hy networks, more cheaply than by

acquisition.
Mr Peyrelevade is unworried by these arguments, and also dis-misses the view that he has embarked on a madly grandiose

"You must not think that we have been struck by folly. Before the Victoire deal, our market share in Europe was around 1 per cent; our objective was to double that it for the period of the period of the cents of the series of the cents of the cents of the series of the cents that in five years. Setting aside Victoire and Colonia, we think we can accomplish a third of this objective through internal

growth.
That leaves us with a market share of 0.6 to 0.65 per cent to achieve by acquisition, or around FFr15bn of turnover - over five

years."
Mr Peyrelevade also brushes aside the debate that arises in France every time a state-owned company like UAP buys or sells a significant holding in a domestic company: does it infringe the rule of "neither privatisation nor renationalisation" laid down by President François Mitterrand in his re-election manifesto in 1988.

"This operation has been car-ried out exclusively in UAP's strategic interests. When we take 35 per cent of Royale Belge or 25 per cent of Sun Life, when we take a participation in Aliança or control of Allsecures, no one says this is rampant nationalisation. I don't see why with Victoire the interpretation should suddenly change," Mr Peyrelevade com-

plains.
"We must stop being the victims of our domestic neuroses. It is sad that we are unable to rid ourselves of our internal political

### **Beatrice** drops \$185m offer for sale

By Janet Bush in New York

TLC BEATRICE International Holdings, the US food and bever-age conglomerate, yesterday pul-led out of its planned initial pub-lic offering, valued at around \$185m.

It cited unfavourable stock market conditions as the reason

The company was formed in August 1987 by Reginald Lewis, whose TLC Group bought Bea-trice International from its parent company in the largest ever leveraged buy-out of an overseas operation.

The public offering of 18.5m Class A common shares, or 35 per cent of the company, was to be underwritten by Merrill Lynch Capital Markets and had tentatively been scheduled for pricing this week.

Of the total offering, 13m shares were to have been sold in the US.

Yesterday, TLC Beatrice withdrew its registration with the Securities and Exchange Commission for the offering, but said the issue could be revived in the future if market conditions

The announcement vesterday came against the background of another sharp drop on the New York stock market during the morning, which extended Mon-day's loss of more than 40 points in the Dow Jones Industrial

The company said feedback from a roadshow had shown that, although there was interest in the company from institu-tional and retail investors, there was general skittlshness about initial public offerings. "The market simply wasn't there,"

said Mr Lewis. He decided to keep his options open and is talking to the under-writers and other groups about other possibilities, perhaps in Europe, where the bulk of the business is based.

Mr Lewis said last month that

the offering would complete the company's transition from a highly leveraged company to one that would be able to take advantage of market opportuni-

According to the prospectus for the offering, after an extensive programme of asset sales, TLC Beatrice has already paid off 83 per cent of the debt assumed at the time of the leveraged buy-out.

The only acquisition debt left was \$34m in reset notes, said the

## Ferranti expects no bid by February deadline

By Hugo Dixon in London

FERRANTI International Signal, the troubled UK defence electronics group, believes it is unlikely

If no third party agrees either to bid for Ferranti or take a sub-stantial minority stake in it by the deadline, a £150m (\$240m) standby rights issue will come into effect.

The issue was originally put in place as a safety net, designed to strengthen Ferranti's negotiating position with potential bidders, but it was not expected to be used. However, the company now thinks it will be needed to fill the hole left in its balance sheet by an alleged £215m fraud.

CHRISTMAS came early yesterday for Corgi Toys, the UK

manufacturer of die-cast model

cars such as vintage Rolls-Royces and classic Bentleys.

Mattel, the giant US toy com-pany with annual sales topping

\$1bn yesterday paid an undis-closed sum - rumoured in the

(\$4.84a) - for Corgi which had a turnover last year of just £13m. The acquisition comes as the UK toy trade faces one of its

bleakest Christmas trading periods for several years, a victim of

the slump in retail spending fol-lowing the rise in interest rates

this year and general economic

uncertainty.
While most toy companies and

Decisions earlier this month by British Aerospace and Daimler-Benz of West Germany to pull any company will bid for it by the deadline of February 5 that it has set for offers.

out of the bidding are the main factors behind Ferranti's reas-sessment of its position. They sessment of its position. They were considered to be leading candidates to buy the group. thinks that Westinghouse, which

has been considered the leading US candidate to rescue it, will not be able to meet the deadline. Other companies which might have been interested in taking a minority stake in it, such as Finmeccanica of Italy, are also not expected to be ready to move by February 5. Ferranti is understood to believe that Thomson-CSF, the

Mattel plays Santa with offer

among shoppers.

Mattel, which claims to be the

world's largest toy company, has

come through a rough period in the mid-1980s - losses in 1986 and 1987 totalled \$121.5m - as a

result of betting on toys such as Captain Power which failed to capture the heart of American

youngsters.

Mattel's strategy now appears
to be to go for less-fashionable
and traditional toy sectors where

growth is more assured. "We are

looking for companies which have a strong brand in stable markets," said Mr Glen Bozarth,

a spokesman for Mattel in the

US, yesterday.
Corgi's products would seem to

fit squarely into this category, although spending on die-cast toys in the UK has been slipping steadily in recent years. A new

report from the Datamonitor

research company put the UK market for die-cast model toys in

for Corgi Toys of the UK

By David Churchill, Leisure Industries Correspondent, in London

group, may still bid for it. How-ever, it fears that if Thomson makes a move it will leave it to the last moment and bid at a low price - possibly below yesterday's close of 34p. To bid that low, Thomson

French state-owned defence

would first have to get permission from the Takeover Panel. This is because BAe acquired shares in Ferranti at 56p several months ago, when it was contem-plating a joint bid with Thomson. Meanwhile, Ferranti is under-stood to believe that General Electric Company of the UK is unlikely to bid unless Thomson moves first. GEC, whose main objective appears to be to stop Thomson, would have to over-

as Airfix and Dunbee-Combex-Marx which fell foul of the early

In 1984, however, Corgi was bought out by its management and Electra Investments. Since then it has developed a range of

more than 500 models, selling

about 15m toy cars a year and giving it a market share of some 13 per cent, according to Data-monitor. Matchbox leads this sec-

tor with a 25 per cent share.

Mr Chris Guest, Corgi's managing director, denied that the decision to sell to Mattel reflected the

problems in the UK die-cast mar-ket. "We felt that linking up with

Mattel would give us considerable benefits for distribution not

only in Europe but in the rest of

the world," he said.

come concerns at the Ministry of Defence that it already dominates the UK defence industry. Ferranti holds its annual shareholders' meeting at its London headquarters later today.

This meeting was adjourned in September, following the discovery of the alleged fraud.
The company will also be holding an emergency meeting on January 12 to get shareholders' approval for the new rights issue.

approval for the new rights issue. The issue has been underwritten by a group of institutions, which are also leading shareholders.

It involves the issue of 750m preferred shares at 25p, to be offered on a one-for one basis. The shares will have twice as many votes and receive twice the

dividends of ordinary shares.

Shareholders will have the option either of subscribing to the new shares or selling on their

At the emergency meeting, shareholders will also be asked to approve the split of each ordinary share into an ordinary share and a special share. The special shares will benefit from any cash Ferranti receives from litigation it is planning in connection with the alleged

Ferranti has already sued Mr James Guerin, its former deputy chairman, and various associates. It is expected to sue Peat Mar-wick McLintock, its former auditors, early in the New Year.

# in 1987. The peak year was 1983 when sales reached £82m. Corgi was part of the Mettoy toy company which went into receivership in 1983, one of the clutch of famous toy names such



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The owi symbolises the wisdom of nature. In the same way, our 4M DRAM, the world's most powerful semiconductor, represents one of the most sophisticated examples of intelligent, high tech products. This small chip is powerful enough to contain the entire text of 16 newspaper pages.

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## New blow to British Land scheme

THE CHANCES of British Land, the UK property company headed by Mr John Ritblat, winning approval from shareholders for its controversial restructuring plan were dealt another blow yesterday as Robert Fleming Asset Management, one of the two largest shareholders in the company. decided to vote its 7.37 per cent

stake against the scheme. Mercury Asset Management, the other major shareholder with around 10 per cent, was due to reach a decision by this morning.

Despite the fact that proxies were due in yesterday morning, British Land's adviser, SG Warburg, refused to be drawn on the prospects of the deal, as currently constituted, going ahead. The extraordinary general meeting called to approve the restructuring is due to take place tomorrow, and will - at the very least - formally convene.

The only comment from British Land's advisers was that "We're examining the circumstances and what we would like to do. There are still decisions to be taken." Last night, a couple of large shareholders known to be opposed to the deal as currently formulated, said that they were not aware of any compromises being mooted, but suggested that the proxy position might still be

being assessed. Robert Fleming made its decision after seeing British Land yesterday. The fund manager declined to elaborate on its precise objections to the scheme, but confirmed they were in line with criticisms already expressed by other institutional shareholders. These have centred on the

extent of the management incentives offered, the size of the management fee being levied on the on-going New British Land company, and the speed at which they were being asked to make a The Association of British

Insurers is understood to have circulated members, pointing out that a number of offices see no alternative but to vote against.

There are suggestions that opposition among these institu-tions alone could amount to 16-17 per cent of British Land's equity. The scheme requires a majority of votes cast to be approved.

### INTERNATIONAL COMPANIES AND FINANCE

### Court decision threatens Bond deal

By Bruce Jacques in Sydney

MR ALAN BOND, the besieged Australian entrepreneur, said yesterday that he would soon proceed with the long awaited deal for Bond Corporation Holdings to sell its beer interests to Lion Nathan, the New Zealand brewer.

But, while Mr Bond was adamant on the brewery deal at a fiery annual meeting of Bond Corporation in Perth, a court decision handed down yester-

day has the potential to scuttle his plans.

The West Australian Supreme Court approved a reconstructed board for Bell Resources, the Bond offshoot, which will give the balance of power to independent direc-

Under the court order, Bond Corporation and the Adelaide Steamship group, which has a 19.9 per cent stake in Bell, will each have two representatives

By Roderick Oram in New York

Association, publisher of the world's most widely read mag-

azine, is to raise up to \$550m through an initial public offering of 21.2 per cent of its total

The prospectus, due to be released later yesterday, will be closely read by investors and the general public for the first detailed look it will give of

the intensely private 67-year-

old organisation. Based in Pleasantville, a far

northern suburb of New York

City, Reader's Digest has previ-

ously revealed only a few skimpy figures. The flagship

magazine is published in 39 editions and 15 languages with a global circulation and reader-

ship of 28m and 100m respec-

tively per issue. Under the chairmanship of

Mr George Grune since 1984,

the company has diversified

through acquisitions of a hand-ful of other titles. It also has

book publishing, video and

it will offer 25m Class A non-

voting common shares - 21m in the US and 4m abroad -

through Goldman Sachs and

Lazard Freres at \$18 to \$22 per

The company said yesterday

record husinesses

common stock.

Reader's Digest to

raise \$550m in offer

THE READER'S Digest share Following the death ear-

on the board. Two seats will be taken by outside directors, yet to be named and the chairman will be Mr Geoffrey Hill, the Sydney merchant banker.

The board arrangements have been forced on Bell by the National Companies and Secuotherwise threatening court action to place the company in receivership. The two independent appointments are subject to approval from the Commis-

Mr Henry Bosch, the Com-mission chairman, yesterday indicated that a condition of the new board arrangements was that directors quickly pur-sue acquisition of Bond Corpo-ration's breweries.

"The Commission has sought, and received, undertakings from Bell Resources's new chairman ...that he will act quickly to prepare a plan of

lier this decade of the associa-

tion's founders. DeWitt and

Lila Wallace, ownership of the

organisation has been in the hands of foundations and

lic offering are two Wallace

foundations and seven inde-

pendent foundations they established to support their

favourite charities. These include New York's Metropoli-tan Museum of Art, the New

York Zoological Society, the

Lincoln Center and Colonial

Williamsburg, a recreation of a

and its employees will not sell

any of their non-voting shares

in the offering. All voting stock

in the association will remain held by the two Wallace foun-

The association said in May

employees would gradually build up a 20 per cent stake in

the voting stock. Under a

change in federal tax laws gov-erning ownership of commer-cial enterprises by charitable

trusts, the Wallace foundations

will have to divest 50 per cent

ownership of the association

colonial American town. The Reader's Digest itself

dations and a trust.

The stock sellers for the pub-

action in respect of the acquisi-tion of brewing assets from the Bond Corporation Holdings group and retain, on behalf of the Bell board, a legal firm and accounting firm acceptable to the Commission to provide the board with advice and assistant with a significant with the significant with the significant with the significant with a significant with the significant wi tance in assessing Bell's posi-tion and options."

Mr Bosch's statement sug-gests that, in pursuing Bond's brewery assets, Mr Hill would also be obliged to take action to recover the controversial A\$1.2bn (US\$939.7m) "deposit" advanced last year by Bell to Bond Corporation.

Part of this sum is being

held as a downpayment for the brewery sale plan involving Lion Nathan.

Mr Bond also told yesterday's Bond Corporation meeting the company had sold its half share in the 50-storey R&I

Tower building in Perth for

NEWS IN BRIEF

THE FEDERAL German

Monopolies Commission has recommended to the country's

ministry of economic affairs

that approval should not be

granted for the merger of the diesel activities of MAN, the

Munich engineering group, and the Swiss Sulzer Brothers,

This marks a further step in

the approval process, Sulzer said yesterday. The Swiss company will be among those at a hearing at the ministry in Bonn on January 18.

■ Kersaf Investments, the

South African hotel and casino

group, said its two top execu-

tives, Mr Dick Goss, chairman,

and Mr Ian Heron, managing director, have resigned, Reuter

The officers quit with imme-diate effect and also resigned

from all other companies

within the group. Kersaf gave

no reason for the resignations

but said they had been agreed

with the administration of

Bophuthatswana, home of the

Sun City casino resort, Kersaf's

Dresdner Bank is to open a

representative office in Dres-

den, the East German city

where the bank was founded 117 years ago, AP-DJ reports. The office will start operat-

ing within the next few days,

biggest single asset.

the bank said.

writes John Wicks.

A\$108m. He faced aggressive questioning from shareholders, especially a group of Dutch investors incensed at his offer to buy back more than A\$2hn worth of group debt securities at about half face value. But Mr Bond said the company needed a "fair go" from the Australian media and

shareholder support if it was to return to profitability. "With the continued co-operation of banks . . . and support of our shareholders, we believe we can turn around once again and prosper. Because, after all, if Australia is to be seen to be correct in the international market place, we do need entrepreneurs to reach out for new horizons. even though from time to time

Mr Bond said the group had experienced a difficult period where conflicts had been sen-



Alan Bond enjoys his Swan beer after yesterday's AGM

sationalised by the media. He said the group's recently announced Australian record loss of more than A\$800m had to be seen in perspective because it included large provisions and write-offs.

### Abitibi halves dividend in face of severe discounting

By Robert Gibbens in Montreal

ABITIBI-PRICE, the pulp and paper group 80 per cent con-trolled by the Reichmann fam-ily of Toronto, is halving its quarterly dividend to 12.5 cents

a share. The company is still North America's leading newsprint producer though it has been diversifying into higher value products over the past five years. Profits were down 44 per cent in the first half this year and 69 per cent in the third

Earnings at recent levels do not cover dividend payments on the common stock. decline in Abitibi said the dividend cut next year.

was made to conserve resources in the face of severe price discounting in newsprint and fine papers and the high level of the Canadian dollar which reduces revenues on export sales.

The outlook for newsprint is unfavourable for the next two years because of slow growth in the US and excess industry

capacity.
The problem facing Abitibi is shared by most other big Canadian integrated forest products groups. Pulp prices remain firm but are widely expected to decline in the second half of

### VW reports record year

German vehicle group, said 1989 was its best ever business year, with group sales rising by 10 per cent to DM65bn (\$37.64bn), Reuter reports. No profit figure was given.

Worldwide deliveries rose 3 per cent to a new record of nearly 3m vehicles. Parent company sales rose 9 per cent to more than DM48bn and all business sectors saw a rise in profits. Cost-cutting measures and a move by consumers towards

VOLKSWAGEN, the West buying high quality vehicles

were boosting earnings.

VW made a 1988 group net profit of DM780m and the company has said it was likely that its 1989 result would exceed

The only decline in 1989 sales was seen in North America and Argentina, where markets remained difficult. European sales hit a record for the fifth year running, reaching 2.14m cars, a rise of 5 per cent compared with 1988.

### NFC sees growth of 12% per share

By Clare Pearson in London

NFC YESTERDAY amounced a 34 per cent advance to pre-tax profits of £90.2m (\$142m) for the year to September 30. The distribution and travel group also said it expected to outpace slowing UK corporate earnings growth in 1990.

Its current view was that it should achieve 12 per cent earnings per share growth, and a 16.4 per cent advance in pre-tax profits in the current financial period.

"As the year progresses, I think this performance will look very satisfactory indeed, said Mr James Watson, deputy chairman.

NFC, uniquely among British quoted companies, publishes on each reporting date a "best view" of what it thinks its next full-year results will be. The company, which joined the stock market via an introduction in February, has kept up the practice begun after it was bought out by employees.

Earnings per share for the period under review rose 29 per cent to 18.3p (14.2p) and the final dividend is 2.3p (2.03p) for a 31 per cent better total payment of 7.5p. The full-year dividend is

iifted to 7.5p, a 31 per cent increase, after a final dividend of 2.3p against 2.03p last year. The results were slightly better than NFC's earlier "best

view," and were achieved against deteriorating conditions in many of the company's markets. On turnover up at £1.49bn

(£1.26bn), operating margins improved from 7.2 to 7.7 per cent. The pre-tax figure was struck after a £15.9m (£11.8m) debit for profit-sharing. Growth in contract hire

stayed firm throughout the year and this, together with good performances from waste management and other smaller businesses, pushed the transport division's operating profits to £37.2m (£32.1m), despite the downturn in truck

The contribution from logistics, which provides integrated distribution services, rose to £29m (£22.3m), benefiting from elimination of loss-makers.

### Eastern Air to sell its facilities at Chicago for \$195m

By Roderick Oram in New York

for \$195m (£121.6m) as part of its bankruptcy reorganisation. American is widely expected to buy Eastern's Caribbean and Latin American routes with a

deal expected soon. Eastern asked the New York bankruptcy court on Monday for an extension of the Decem-ber 29 deadline for filing a reor-

ganisation plan.

The company expects to review a plan with its creditors early in the new year.

In a forecast filed with the court, Eastern said it expected.

to report a fourth-quarter net loss of \$250m and a further loss in the first quarter of next year.

Eastern said it hoped to make a "modest" net profit for the second half of 1990 and

EASTERN AIR LINES is selling its Chicago-London route and facilities at Chicago airport to American Airlines operate the Caribbean and profit of \$50m.
Eastern would continue to operate the Caribbean and Latin American routes until the buyer was ready to take

them over.

It would then discontinue
Miami as a hub although it
would operate a contract ser-

would operate a contract service base there.

After the closure, the Atlanta hub's share of Eastern's flights would rise to 75 per cent from 55 per cent.

Eastern hopes to amerge from its reorganisation at about two-thirds of its previous size and to raise some \$1.8bn from asset disposals.

from asset disposals.
Intensive talks with American about its Latin American operations resumed recently after Eastern began falling short of its asset sales target. Previous talks broke down in the summer.

### Tadiran's losses soar to \$98m after nine months

By Hugh Carnegy in Jerusalem

TADIRAN, the main subsidiary of Israel's deeply troubled Koor Industries, yesterday reported sharply increased third quarter losses, compounding the diffi-culties facing its parent as it struggles to survive debts it

has said it cannot service. Tadiran, a manufacturer of military and consumer electronic and electrical goods, which accounts for about one third of Koor's turnover, said it had suffered a net loss of \$98m in the first nine months, three times the figure in the same period of 1988.

It blamed slower than expected sales at home and abroad and heavy restructuring costs. Despite orders of more than \$1bn, the company said it did not expect to return to profit before 1991.

Problems at Tadiran, now for sale, have been the main cause of the debt crisis in Koor. The trade union-owned group, acknowledging that it cannot generate sufficient cash-flow to service its \$950m debt, last month asked its foreign and domestic creditors to write off

\$125m to enable it to stay afloat.

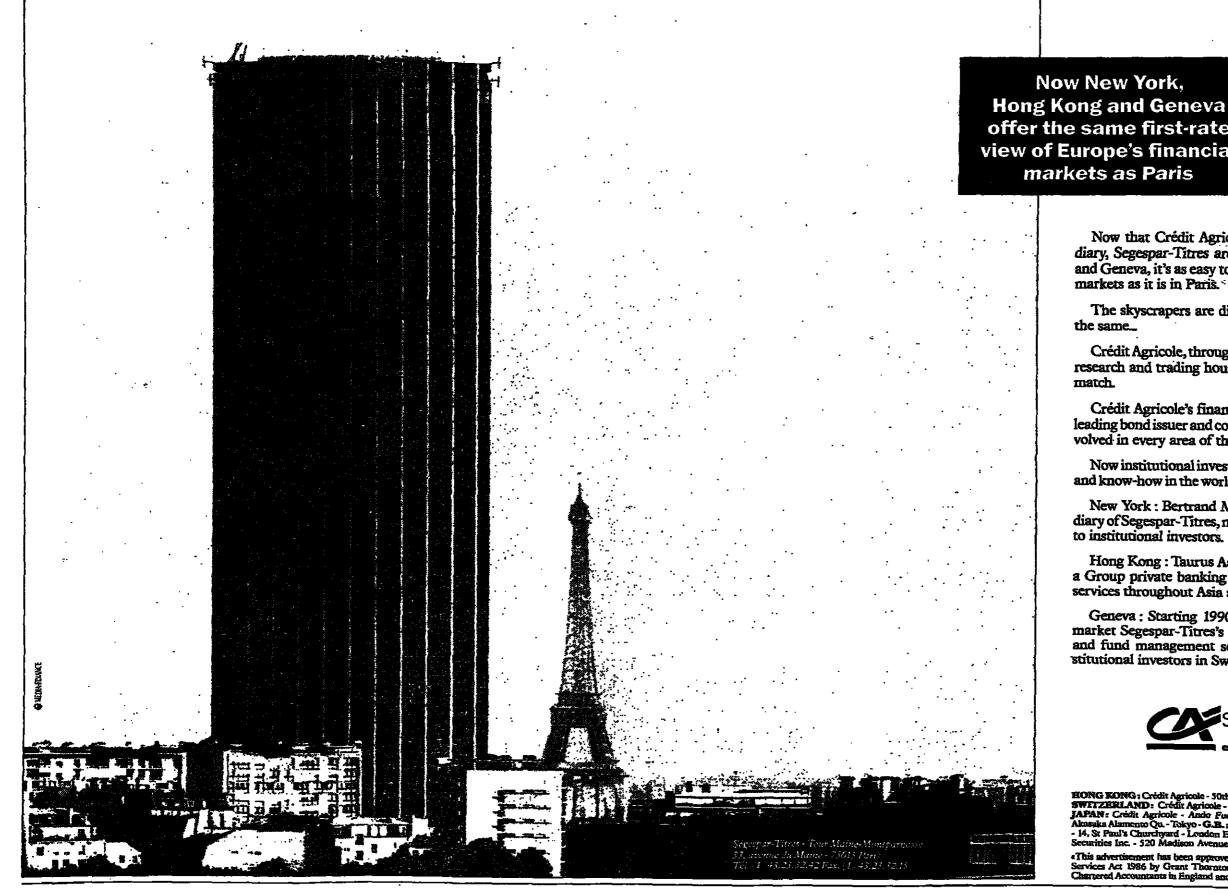
This amount is unlikely to be sufficient to cover the short-fail. Koor admits that the losses in Tadiran mean it will not be able to raise the \$155m it projected only weeks ago from the disposal of Tadiran. Both the foreign and domestic banks are insisting that the Israeli Government and the Histadrut trade union federation, Koor's owner, should play a part if the group is to be kept

Koor will later this week submit a paliposal to the finance ministry, which is likely to include a call for further sists aid in the form of debt guaratites on top of the \$50m equity capital pledged last year and a dilution of the Histodrui's shareholding. Histadrut's shareholding.

It's attention to detail like peruding the Figureal Treat to bestee green, that makes a great hatel," Complimentary occurs of the Floragest Times are available for humans grates Impany at the Scootle Clove Hotel in Brancis. SCANDEC CROWN HOTEL

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### \$1,100,000,000



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through a wholly owned subsidiary has acquired

### Sea World, Inc.

and other assets of the Theme Park Division of Harcourt Brace Jovanovich. Inc.

The undersigned acted as financial advisor to Anheuser-Busch Companies, Inc. in this transaction.

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December 20, 1989

December 20, 1989

7,762,129 Shares



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New Issue

\$600,000,000



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The First Boston Corporation Goldman, Sachs & Co.

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December 20, 1989

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\$241,729,000



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Application has been made to the Council of The Stock Exchange for the warrants described below to subscribe for ordinary shares in British Empire Securities and General Trust p.l.c. (the "warrants") to be admitted to the Official List. Such admission to become effective and dealings in Warrants are expected to begin on 2nd January, 1990.

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Particulars of the Warrants are available in the statistical services of Extel Financial Limited. Copies of the circular containing particulars of the warrants may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 22nd December, 1989 from the Company Announcements Office, The International Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 3rd January, 1990 from:

**British Empire Securities** and General Trust p.l.c. 16 Buckingham Gate London, SW1E 6LB.

Ebbgate House 2 Swan Lane London, EC4R 3TS.

de Zoete & Bevan Limited Watson, Farley & Williams Minories House 2-5 Minories London, EC3N 1BJ.

20th December, 1989

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In accordance with Condition 6(B) of the Bonds, NZI Overseas Finance N.V. ("the Company") GIVES NOTICE to Bondholders of the option to have their Bonds redeemed by the Company at par on 28 March 1990. To exercise the option, a Bondholder must deposit Bonds to be redeemed together with all unmatured Coupons appertaining thereto with the Principal Paying Agent or any other Paying Agent listed below not less than 30 nor more than 60 days before 28 March 1990. Any Bond so deposited may not be withdrawn without the prior consent of the Company.

> PRINCIPAL PAYING AGENT Morgan Guaranty Trust Company of New York
> . 30 West Broadway New York New York 10015

Banque Leu Geneve S.A. 10-12, Place Longemalle

Banque Internationale a Luxembourg 2 Boulevard Royal

Swiss Bank Corporation Aeschenvorstadt 1 CH 4002 Basel

Interest Period

20th June 1990

Interest Rate

Interest Period

20th March 1990

Interest Amount due

per U.S. \$10,000 Note

per U.S. \$50,000 Note

interest Amount due

Morgan Guaranty Trust Company of New York Morgan House 1 Angel Court London EC2R 7AE

Morgan Guaranty Trust Company Avenue des Arts 35

Bank of New Zealand

Auckland

Dated: this 20th day of December 1989.

U.S. \$200,000,000

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Guaranteed on a Subordinated Basis

as to payment of principal and interest by

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per U.S. \$10,000 Note U.S.\$ 425.93 per U.S. \$250,000 Note U.S. \$10,648.26

Credit Suisse First Boston Limited

Agent Bank

U.S. \$150,000,000

Floating Rate

Subordinated Notes Due 2009

Credit Suisse First Boston Limited

Agent Bank

MARINE MIDLAND

BANKS, INC.

813/16% per annum

20th December 1989

20th March 1990

U.S.\$ 220.31

U.S. \$1,101.56

8.425% per annum

20th December 1989 20th June 1990

Corporation

NZI OVERSEAS FINANCE N.V.

By: R H Garrett, Managing Director

pnohoiders are advised that for the six By: The Chase Marshatten Benk, N.A. London, Agent Benk

### DFC New Zealand Limited (Under Statutory Management)

A\$ 50,000,000 13% Guaranteed Bonds Due 1990 Japanese Yen 15,000,000,000 4% per cent. Guaranteed Bonds Due 1992 ¥10,000,000,000 8% per cent. Dual Currency Yen/Australian Dollar

US\$100,000,000 11% Guaranteed Bonds Due 1995

DFC Overseas Investments Limited US\$100,000,000 Guarantaed Undeted Primary Capital Floating Rate Notes

As bondholders may be aware, on 3rd October, 1989 DFC New Zealand Limited was placed under Statutory Management by the ernor of the Reserve Bank of New Zealand. In order to inform all Bondholders of the present position, The Law Debenture Trust Corporation p.l.c., as Trustee of each of the above issues, has prepared a progress report. Copies of the report are available for collection at the Paying Agents for each of the Bonds. The Trustee will periodically lodge further progress reports with the Paying Agents,

BANCORP

US\$75,000,000

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six mouth interest period from (and inchading) 19th December, 1989 to (but exchading) 19th June, 1990, the Notes will carry a rate of interest of 85% per cent. per amount. The relevant Interest Payment. Date will be 19th June, 1990. The coupon amount per USSS, 100 Note will be USS216.44 payable seguingt surrender of Coupon Not. 12

Hambros Bank Limited mbros Bank Lingited

Agent Bank

Finance N.V.

Guaranteed by torate international Ltd.

The Bonds remain sisted on the Luxembourg Stock Exchange under the name of inspectorate international Finance N.V.

Adia S.A. 1261 Chéscerex/VD

### INTERNATIONAL COMPANIES AND FINANCE

## Stormy marriage of rival interests

Peter Bruce on the battle for control of BBV, Spain's largest bank

F COMPOSURE and dignity mean anything any-more in Spanish banking, the industry has come close to losing both in the unseemly scramble for control of its biggest bank. Banco Bilbao Vizcaya, following the sudden death last week of one of its co-presidents, Mr Pedro Toledo. In the early 1980s, Spain's banking crisis plunged the industry into a ferocious redis-tribution of power. Last year, the country's then biggest bank, Banco Central, tried to merge with Banco Espanol de Credito (Banesto). This move collapsed 10 months ago in a breathtaking spate of personal infighting between sharehold-

US\$250,000,000

Colleteralised Mortgago Obligation
Floater Class A Bonds

In accordance with the provision of the Bonds, notice is hereby given that the Rate of Interest has been fixed at 9.125% for the eleventh Floater Interest Period of 20th

rioater interest ruried of 20th December 1989 through to 19th March, 1990. Interest accrued for this Floater Interest Period is expected to amount to US\$ 11.22 per US\$1,000 Bond.

Principal Paying Agent

Texas Commerce Bank National Association

at the office of its agent at

Texas Commerce Trust Company of New York 80 Broad Street

New York, New York 10004

PAYING AND

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RHONE-POULENC S.A.

USD 300.000.000

UNDATED FLOATING

RATE CAPITAL NOTES

For the period December 18, 1989 to June 18, 1990 the rate

has been fixed at

8.875% P.A.

Next covment date:

June 18, 1990

Coupon nr: 7

Amount:

denomination of USD 10,000

USO 448 68 for the

USD 4:486,81 for the

The Principal Paying Agent SOCIETE GENERALE

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THAILAND

US\$300,000,000

Floating Rate Notes due

2005

Notice is hereby given that for the interest period 20th December 1990 to 20th June, 1990 the interest rate has been fixed at 8 1/2%.

US\$10,000 Note and US\$10,743.06 per US\$250,000

Agent Bank; Morgan Guarazty Trust Company of New York London

£75,000,000

Subordinated

Floating Rate Notes

Due 2004

Notice is hereby given that the

Notes will bear interest at

151/2% per annum

19 March, 1990.

Interest payable on

19 March, 1990 will amount

to £382.19 per £10,000 Note

Agent Bank: Morgan Guaranty Trust

Company of New York

**COMALCO FINANCE** 

LIMITED

US\$180,000,900

Guaranteed Floating Rate Notes due 1993

Notice is hereby given that for the interest period 20th December, 1989 to 20th March, 1990 the interest rate has been fixed at 8%%. Interest payable on 20th March, 1990 will amount to USS215.63 per USS10,000 Note.

om 19 December, 1989 to

Nationwide

Anglia 🚟

rest payable on 20th June 1990 amount to US\$429.72 per

denomination of USD 100,000

ML TRUST XVI

worst press (for the industry) imaginable. Banco de Bilbao and Banco de Vizcaya, the two large and coolly-managed Basque banks, in 1988 had managed to perform what seemed like the perfect merger - with enthusias-tic backing from Spain's

ers, a ruined marriage and the

socialist Government. The two co-chairmen. Mr Toledo at Vizcaya and the industry's "philosopher," Mr Jose Angel Sanchez Asiain at Bilbao, put together the Iberian peninsular's biggest financial empire and carefully managed to portray themselves and their directors as the very essence of a sensible, careful and harmonious banking team.
The new "superbank" (by
Spanish standards) would be

the 37th largest in Europe in terms of assets. It had 2,400 branches throughout Spain and would employ more than 34,000 people. Under a carefully constructed management plan, the younger president, Mr Toledo, would become the sole presi-

Asiain's retirement. In the meantime, a Bilbao man. Mr Emilio de Ybarra would be sole vice president and a Vizcaya executive, Mr Alfredo Saenz Ahad, was made managing director. The two old

dent in the early 1990s on Mr

boards would exist through the transition but would come together in a 10-strong manage-

ment hoard. With the Central-Benesto merger falling apart around them, the BBV experiment appeared perhaps rosier than it really was. However, rumours of distrust and boardroom bickering between the two sides have been floating around Madrid for more than a

A story leaked to a magazine, probably by Vizcaya peo-ple, told an amusing tale of a clash of management cultures, with stuffy and pedantic Bilbao officials unable to understand why their relaxed Vizcaya col-leagues refused to use inter-office envelopes more than once or why they did not save their

Bilbao struck back by pub-

approve Mr Saenz's "appointment."

The next day was the funeral. Tomorrow, after a weekend of politicking, the managing board meets again. Failure to approve the Vizzaya nomination then will put the merger in great danger The precipitate action by the

old Vizcaya board was under-standable. With Mr Toledo poised to become chairman one day, the world was a Vizcaya oyster. With him gone, and trust between the banks obviously not yet established, they clearly felt they had to act quickly to stop any move to establish a single presidency and possibly rob them of their glorious future.

This, in fact, is precisely what Mr Asiain proposed at last Wednesday's managing board meeting and what to

Mr Toledo's death established just how little progress had been made in marrying the two banks . . . apart from a respite at the funeral, the war between them has been total

licly pouring cold water on an idea of Mr Toledo's to finance a business school. On the high street old clients of one or the other bank still have difficulty cashing cheques at a "rival" branch.

It has taken Mr Toledo's death to establish just how deep the mistrust runs and just how little progress has been made in marrying the two banks. Apart from a brief respite at the funeral last week, the war between the two banks has been total and, from the outside, almost unbeliev-

The day Mr Toledo died -Tuesday last week - the old Vizcaya board met and rapidly named a new co-president. This was Mr Saenz. Within hours, the bank's press office issued a statement saying this was not official.

On the very next day the BBV managing board met for 11 hours and failed to most analysts (and, probably, customers who have yet to benefit from the merger) seems to be the most sensible move. Mr Asiain even offered to step down and let someone else be president. In the order of things, though, this would logi-

cally be Mr Ybarra, the vice

president, and not Mr Seenz.

By the start of this week, there was no sign that tempers were cooling.
The Bilbao side was busy arming itself with legal onin-ion charging that the Vizcaya board did not have the right to nominate a co-president to represent it and that this decision

has to be made by the joint managing board.
When Efe, the national news agency, put out a story on Monday night saying the Vizcaya board was prepared to negotiate Mr Saenz's nomination, a delegation of Vizcaya executives went to the agency

deny it was prepared

#### FT INTERNATIONAL BOND SERVICE

Listed are the latest inter	national bo	ands for which ti	nere Is	an adequate secondary mark	et.				
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to do anything of the sort. Bilbao officials insist Mr Asisin's wish to create a single presidency sooner rather than later is an old idea; that he had dis-cussed it with Mr Toledo but not yet with the whole board.

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Mr Toledo, for his part, had precious little time to establish a smoother succession. On December 6, both he and Mr Asiain were in Frankfurt for Asiam were in Francisco the funeral of the murdered Deutsche Bank chief. Mr Alfred Herrhausen. Mr Toledo flew from there to a clinic in Barcelona, where doctors decided to fly him to the Mayo Clinic in the US for urgent treatment. According to some reports, he died on the way, on Tuesday, December 12.

Since then, Spanish com-mentators have depicted him as the brightest hope in Span-ish banking. With some justifi-cation. A slim man who were his hair quite long, he had a nis nair quite long, he had a genius for talent spotting. At one stage he hired the Finance Minister, Mr Carlos Solchaga, which later brought him close to the socialist Government.

His florid ties and aloof man-ner, say friends, hid an extremely shy and gentle man. Mr Toledo was well aware of, and eager for, the power he would one day hold as the only president of the country's big-gest bank. One manifestation of this was his conversion after the merger to the established practice in some big Spanish banks of taking big stakes in industry. Under him, Viscaya had begun to shed many of its industrial holdings in the mideighties but BBV has begun to to make large acquisitions in industry this year.

power no doubt rubbed off on many of his Vizcaya colleagues and all the signs are that Thursday's management board meeting will be equally as unpleasant as the meeting last week. It is diffi-cult to see how, having named Mr Sasur as Mr Toledo's suc-cessor as corresident the Viv. cessor as co-president, the Viz-caya representatives can back down without losing face.

The most likely result of the meeting is that they will succeed in placing him next to Mr Asiain. The bank cannot afford to spend much more time in such rancorous debate. That would be a temporary

respite. Mr Asiain has placed a quick single presidency on the table and the issue will not go away. The longer it takes to get there, the worse it will be for the bank's image. That is important for the BBV, which is being chal-lenged particularly by innovations from Banco Santander.

"The co-presidency does not ork." one Bilbao official said on Monday. "In some ways we are losing our leadership of the industry. We are taking too long to make decisions."

BBV has not, for example,

yet been able to respond to a high interest bearing current account being offered by San-tander which has lifted its deposits at the expense of the competition.

Tomorrow's meeting could, just possibly, do the totally unexpected and name Mr Saenz as sole president and somehow make it clear that he would be succeeded by Mr Ybarra, who is younger. But conciliation is not in the air.

### Citibank to set up an airline financing unit in London

By Paul Betts, Aerospace Correspondent

CITIBANK is establishing an ariline and aerospace financing unit in London to cover Europe, the Middle East and Africa. It will be headed by Mr Peter Sokell, who is joining Citibank at the beginning of next year.
Mr Sokell was six years with
Rank's

National Westminster Bank's aerospace group. He joins Citibank from working on airline and aerospace financing with Spectrum Capital, a joint ven-ture including Mitsubishi Trust and Banking of Japan, Citibank claims a leading

share of the aerospace finan-cial market which is expected to continue to grow rapidly over the next 15 years. Citi-bank said yesterday the global airline and aerospace financing market was expected to be worth at least \$30bn (£18.7bm) a

year for the next 10 years.
Clifford Chance, the interna-tional law firm, estimates in a recent study on cross-border aircraft leasing that by 2,000, some \$275bn-worth of new aircraft will have been manufactured and brought into service

to cope with increases in air passenger traffic. It adds that the majority of these aircraft will be financed by lessing. Citibank expects consolidations and mergers to continue in the aviation business as aircraft with the aviation business as aircraft. lines seek to become more globally orientated. Citibank's European unit is part of the bank's efforts to

strengthen its global operations in aircraft finance. It has recently set up a similar unit in Tokyo.

THE REPUBLIC OF TRINIDAD AND TOBAGO U.S \$50,000,000 Floating Rate Notes due 1992 Notice is hereby given that the Rate of Interest has been fixed at 9,75% p.a. and that the interest payable on the relevant interest Payment Date, June 20, 1990, against Coupon No. 9 will

be U.S. \$492.92. December 20, 1989, Landon By: Citibank, N.A. (CSSI Dept), Agent Bank CTTBANCE

U.S. \$165,000,000 **Parklabrea Finance** Guaranteed Floating Rate Bonds due 1996

Sontinocers are advised tract for the service morths interest Period from December 20, 1989 to June 20, 1990 the Bonds will carry an interest rate of 85% per arrunt. The amount payable on June 20, 1990 will be U.S. \$438.04 per U.S. \$10,000 principal amount. December 20, 1989

US\$100,000,000 Floating Rate Subordinated Notes due 2005

NBD BANCORP, INC.

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Notice is hereby given that for the interest period 20th December, 1989 to 20th March, 1990 the interest rate has been fixed at 8%%. Interest payable on 20th March, 1990 will amount to USS218.75 per USS10,000 Note,

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Bonds due 1992

all of which are guaranteed by DFC New Zealand Limited.

EUROPEAN AMERICAN of New York U.S.A.)

Guaranteed Floating Rate Notes Due 1993

Inapectorate International U.S. \$75,000,000 3½% ed Bonds due 1993

Bondholders of the above-mentioned issue are hereby informed that, after the merger of inspectorate international Ltd. Into Adia S.A., which became affective on 4th December, 1989, the Bonds are now guaranteed by Adia S.A.

20th December, 1989 By: Swiss Benk Corporation

### INTERNATIONAL CAPITAL MARKETS

### Policy meeting puts | US gears up to meet the challenge of globalisation Treasuries on guard

By Janet Bush in New York and Rachel Johnson in London

US TREASURY bonds moved its target for Fed funds modestly lower yesterday, on the defensive as the policy-making Federal Open Market Committee started a two-day

At midsession, short-dated maturities were quoted about

#### GOVERNMENT BONDS

à point lower while the Treasury's banchmark long bond stood % point down from Monday's close, yielding 7.85 per

Two key economic reports were released yesterday; November's Consumer Price Index rose 0.4 per cent, a little more than expected, while US housing starts, down 4.7 per cent, were in line with expecta-

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The market showed little, if any, reaction to the figures, being more interested in the outcome of the FOMC meeting. The White House issued a statement at midday, saying inflation was declining and that this pointed to lower interest rates.

The comment was clearly designed to put pressure on the Fed to ease monetary condi-

The CPI gain compared with a rise of 0.5 per cent in October. So far in calendar 1989 the index has risen by an annual rate of 4.6 per cent, compared with 4.4 per cent in the full year of 1988.

The Fed did not operate in the money market, suggesting reported.

remains at 8% per cent. The funds opened at 8% per cent and had not moved from that level by midsession.

AFTER Monday's unseasonal excitement, caused by a small intervention rate increase in France, bond markets relapsed into pre-Christmas inactivity - at James Capel Gilts, traders played chess to while-away the hours before the markets

However, bond prices rose Gilts opened up three ticks -"a major bond rally in this market!" as one trader joked. The small gain was easily beaten by the long gilt future, which opened at 92.18 and closed at 92.24. Ten-year bonds

climbed by % point.
In France, trading was marginally more exciting. There was some sporadic buying interest in the March futures contract on Matif. which opened 13 basis points higher before slipping back to close at Monday's level of 104.96.

The yield spread between German and French 10-year bonds (bunds are 200 basis points lower than OATs) led to some investors switching out of bunds into French bonds to find rich vield pickings.

THE primary and secondary international bond markets slowed almost to a halt yester day as securities houses concentrated on year-end paperwork. Prices on seasoned issues were barely changed, and there were no new issues

Tachnical Date/ATLAS Price Source

Bankers and brokers are determined to regain their dominance of global markets, writes Janet Bush

en years ago, US bank-ers and brokers talked almost messianically about globalisation. Capital barriers would fall, there would be seamless 24-hour trading across time zones and full-service institutions would

workers in Osaka. As the US capital markets enter the 1990s, the reality is that globalisation is still in its early stages and that it will be as much a trend of the next decade as it was in the last. There has, however, been a qualitative change in the rhet-

serve farmers in lowa to car

Then, globalisation was seen in the US as an opportunity. Now the US is far less confident of its ability to dominate the global market and is showing signs of falling behind its competitors. Globalisation is now an urgent challenge.

Mr Curtis Welling, managing director in charge of equities at First Boston, says: "The US has had a very geocentric view.

Our hegemony over world capi-tal flows was almost regarded as a birthright. "As far as important capital flows are concerned, there was a real danger of the world pass-

ing us by. The US was in dan-ger of becoming irrelevant."
While the US was once slow to realise its competitive position in world financial markets could be eroded, Mr Welling believes there is a growing awareness of the need to act quickly to position the nation's narkets and financial institutions for the future.
This concern has been crys

tallised in regulatory initia-tives, legislative proposals and product innovations. Progressive attitudes at both the US

WCRS Group of the UK and

Samuel Montagu have com-

Federal Reserve and the Securities and Exchange Commission are central to these efforts.

Mr Rob Johnson, vice president in the global markets divi-sion of Bankers Trust and former chief economist for the Senate Banking Committee, says: "They know that they either ease the regulations or they lose the business." There are three principal

areas where change is accelerating, fuelled by concern over • Reform of the 1933 Glass-

Steagall Act, which separates-commercial from investment banking, is again on the agenda after the failure to enact legislation in the last Congress. Terms of the debate show signs of widening, to include the concept of full-service financial institutions. to Big Bang in Britain.

The SEC is reviewing a range of regulations which effectively impede interna-tional capital flows and foreign participation in US capital

In an effort to boost competitiveness, regulators and exchanges appear to be bend-ing over backwards to accommodate the desires of institu-tional investors and traders.

he Fed has made it clear it desires repeal of Glass-Steagall and has already won expanded powers for commercial banks to engage in securities activities. In late November, the Securities Industry Association finally dropped its stubborn resistance to tampering with

not only a tacit admission that

it had lost the fight, but reflected a realisation that overall US competitiveness had become a more compelling priority than purely domestic business rivalries between different providers of financial

With the thrift rescue bill now in place, it is possible that structural reform of financial services will be re-examined next year.

In the spring, Representative Frank Annunzio, chairman of the House financial institutions sub-committee, will hold hearings on a bill drawn up by the Financial Services Council, a coalition of all types of financial concerns.

The bill would create a new,

full-service financial institution; any kind of company could own a bank, a brokerage or an insurance company, much as European institutions already do.

The history of proposed leg-

islation to reform Glass-Steagall has not been auspicious but there is, at least, a growing sense that something must be

According to a survey of world banks in 1988, compiled by The Banker magazine, there was not a single US bank in the top 10 in terms of assets and only one US bank - Citicorp - in the top 10 as measured by capital.

In Investment Dealers'

Digest's underwriting rankings for 1988, the only US house which made the top 10 of non-US debt underwritings was Merrill Lynch Capital Markets, in 10th place. The top four places in non-US international equity underwritings were taken by a British house, two from West Germany and a Jap-

anese institution. Morgan Stan- important initiatives being ley was the top US firm, in fifth place. The SEC, which has just

formed an Office of Interna-tional Affairs, has shifted into top gear to harmonise regulations with its overseas counterparts to promote the free and efficient flow of capital. The nuts and bolts of clearance and settlement, for example, are a

CAPITAL MARKETS IN THE 1990s 1990 1990

priority.
Mr Welling, of First Boston,
puts the challenge in graphic
terms: "We have gone about as far as we can go with broadbrush conceptual descriptions of the global market. We can see the house, it looks great but nobody can live in it until the plumbing and electricity is in place."

global markets, it is startling that US pension funds have committed less than 3 per cent of their \$2,500bn in assets to non-US securities. One key reason for this is that investors and traders have to negotiate a minefield of different regulations when operating in overseas markets Potentially one of the most

In spite of all the talk of

undertaken by the SEC is the proposed change in its Rule 1443. Although the commission is still considering how far to go, what is being discussed is liberalising the US privateplacement market to allow foreign companies to issue without onerous registration and disclosure, and for US institu-

tions to buy and sell securities not registered with the SEC. It could mean a vastly more liquid environment for foreign companies to issue equities in IN THE the US and a welcome inflow of business for Wall Street

This is just one of many plans designed to make the US an attractive stopping place for global capital flows. Like many others, it recognises an increasing need to differentiate between institutional and retail investors.

One of the thorniest issues

with Rule 144a is that the SEC wants to ensure liberalisation of the private-placement mar-ket applies strictly to institutional investors, in theory sophisticated enough to protect themselves in a largely deregu-

lated environment. US thinking over financial markets has begun to differentiate more clearly between the needs of institutional and retail investors. A flow of trading business to overseas cenregulation and trading inefficiencies, has led to an increasing propensity to accommodate

The SEC recently approved Exchange Stock Portfolios (ESPs), a product designed by the New York Stock Exchange which will allow large instituStandard & Poor's 500 index. The most revolutionary aspect of ESPs is that a new

trading structure has been set up by the NYSE, creating a parallel market designed specifically for institutional investors based on a system of competing market makers.

Under the system, institutions are exempt from the short sale rule, preventing traders from selling short unless the last price change is upwards, even though this applies everywhere else in the

E SPs give only a hint of what might happen in the 1990s as institutional and retail markets divorce and as exchanges such as the NYSE face the threat from overseas market places. The NYSE acknowledged that its thinking on the short sale rule was governed by a need to stop business flowing to other

exchanges.
Professor Merton Miller, of the University of Chicago, believes the 1990s will see even more pressure from institutions wanting to trade directly with each other - off the floor of an exchange - using sophisticated electronic trading systems and without an intermediary such as a NYSE spe-

He believes that disinterme diation - the squeezing out of financial intermediarles - will continue in the 1990s, not least because it lowers trading costs. The specialists are relatively small potatoes, who are very weakly capitalised and markets for customers who are huge relative to them," he said.

### Financing for Carat deal completed

By Stephen Fidler, Euromarkets Correspondent

Price Change Yield ago ago 103-30 +7/32 11.78 11.92 11.81 95-10 +12/32 10.63 10.83 10.78 94-04 +10/32 9.68 9.77 9.87 7.000 9/99 98,7500 +0.050 7,18 7,25 7,42 FRANCE STAN 8.000 10/94 93.4097 -0.089 9.76 9.53 9.66 OAT 8.125 5/99 93.7000 +0:070 8.13 9.10 9.07 9.250 12/99 98.4500 + 0.250 9.49 9.60 9.39 NETHERLANDS : 7.250 - 7/99 96,3800 -0,220 7,79 7.75 7.81 AUSTRALIA 12.000 7/90 94.3722 +0.155 13.05 13.02 13.28 Lendon closing, "denotes New York morning session Yields: Local market standard Prices: US, UK in 32nds., others in decimal

**BENCHMARK GOVERNMENT BONDS** 

pleted financing for the previously-announced acquisition by WCRS of the remaining 50 per cent of Carat Holding of France and for the restructur-ing of its advertising business. The FFr1.1bn loan was initially underwritten by Mon-tagu and has been syndicated among banks, which provided

tion of the first 50 per cent.

It comprises a six-year arranged the programme FFr430m term loan and AmRo Handelsbank and Salo FFr360m revolving credit, and a four-year FFr312m guarantee. The interest margin is % percentage point and the commit-

ment fee %. ● Amsterdam-Rotterdam Bank established a DM500m medium-term note programme, the first under which notes will be listed on the regulated market of the Frankfurt stock exchange. Deutsche Bank £90m (\$142m) for the acquisi-

Oils ...... Plantations Mines .....

Totals ..

EQUITIES

AmRo Handelsbank and Salomon Brothers AG will also be dealers.

Separately, Deutsche's Man-nheim branch has arranged a \$750m extendable five-year standby financing, drawable in several countries, for Deere, the US farm equipment maker.
The financing replaces a \$300m facility arranged by Deutsche Bank in 1987, raised

1539

#### Bank of Tokyo buys out venture

BANK of Tokyo is extending its London-based fund management activities by buying out its joint venture with Touche Remnant, the UK fund management firm, writes David

This will now be combined with BoT's existing UK fund management operations to form a new company, BoT Asset Management (UK). BoT says the new company will manage funds in excess of

TRADING on the London Traded

Options Market languished at a

some individual strategies and

rolling over of positions dominat-ing activity.

Volume, at 22,422 contracts, was almost half Monday's level.

Trading was centred in call options, with 13,650 changing

hands compared with 8,772 puts.

With December options series due to expire today, much of yes-terday's business focused on

rolling positions over into next

٠...

### Spanish debt reshuffle

By Stephen Fidler

A RESTRUCTURING of the debt of Rio Tinto Minera, the Spanish mining company, should be completed this week following the company's emergence from court protection

against its creditors. The restructuring of about Pta21bn (\$188m) of debt was arranged by Barclays Bank. It offered 20 bank lenders an option: to cash out at 75 per cent of face value or receive a 30 per cent cash payment and

**LONDON TRADED OPTIONS** 

sures over the seasonal period.

the LTOM was Asda, the super-store group, which has recently seen its stock price fall in hectic trading after reporting weaker profits. Asda traded 1,549 con-

tracts, 1,289 of them call options. The most active series was the January 110 call which traded

1,000 lots.

James Capel was active in the Asda option as it put on a new position in call options.

stay a lender by providing guarantees for the remainder for a gold and silver loan. Nine banks, representing about half the exposure, chose

the latter.

Market operations have been completed for the gold and silver loan, interest on which is tied to gold Libor as published daily by the London Bullion Market Association. Banks should receive the funds this

options with the same number of

active with 1,400 contracts chang-ing hands. These were focused on call options where 1,376 lots traded as opposed to just 24 puts. Trusthouse Forte was the third most active option with 1,114 lots.

Volume in the water package

has dropped off since Monday but it remains the fourth most active option on the LTOM. It traded

1,027, most of which were centred in the January 1,350 put option which saw 1,000 contracts change

February calls.

### **LONDON MARKET STATISTICS**

RISES AND FALLS YESTERDAY

**LONDON RECENT ISSUES** 

ons, Dominion and Foreign Bonds ......

#### "FT-ACTUARIES SHARE INDICES These indices are the joint compliation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries Mon Dec 18 Year ago (approx Fri Dec 15 Thu Dec 14 **EQUITY GROUPS** Tuesday December 19 1989 & SUB-SECTIONS Day's Change % index No. stocks per section 1 CAPITAL G0005 (204) .... -8.6 4.82 9.53 30.72 984.75 895.94 906.86 767.57 5.29 5.29 4.72 48.71 1075.87 1064.19 1876.85 929.32 56.19 1473.10 1461.30 1478.58 1453.75 84.46 2624.25 2596.59 2628.61 2264.47 4 Electricals (10) 4.72 12.26 84.46 12.42.5 2596.59 2622.61 2264.47 3.86 13.26 52.19 1915.81 1927.72 1330.43 1147.82 4.88 9.90 16.44 473.38 469.99 473.13 403.85 4.39 4.50 23.82 473.29 471.34 477.37 448.57 5.64 8.25 11.84 376.50 373.58 375.75 259.17 4.38 12.32 55.27 1740.84 1711.85 1737.95 1295.86 3.51 14.34 33.79 1311.86 1396.67 1320.90 1907.67 3.88 13.04 31.60 1257.52 1517.84 1525.87 1116.24 3.88 13.04 31.60 1257.52 1517.84 1525.87 1116.24 3.22 14.26 52.06 2237.47 2219.28 2259.42 1770.79 1.96 20.25 46.95 2695.83 2692.55 2745.81 1777.24 3.60 15.16 44.41 1657.30 1638.99 1651.26 1334.73 5.25 10.41 18.37 550.79 541.18 543.45 516.44 2635.66 10.25 1894.36 470.69 25.85 14.22 9.56 Metals and Metal Forming (b) 470,78 -0.6 9.56 -0.7 8.73 -0.7 9.43 -0.6 9.52 -0.1 9.27 -1.1 5.88 -0.8 8.13 -0.8 8.13 -0.2 11.29 -0.2 11.29 -0.2 10.74 -0.2 6.81 -0.2 11.29 -0.2 10.74 -0.2 6.81 CONSUMER GROUP (184)... 1382.93 1516.78 1138.64 25 Food Manufacturing (20). 2254.12 2665.45 1643.42 29 Leisure (34) 31 Packaging & Paper (14) 32 Publishing & Printing (18) 34 Stores (32) 547.46 5.25 18.41 18.37 550.79 541.18 543.45 516.44 4.66 15.41 121.48 3777.07 3767.25 3792.45 3199.10 4.80 11.53 25.98 782.77 787.13 791.21 671.76 5.67 11.08 22.88 285.11 522.40 524.95 451.28 4.58 11.29 39.90 1172.47 1164.44 1173.19 886.51 2.34 18.02 27.29 1590.82 1570.88 1583.44 1828.36 1808.12 5.23 9.49 47.73 1226.40 121.67 122.36 1808.12 122.11 4.26 12.29 68.29 1615.74 1616.30 1643.16 1242.11 4.23 12.11 30.54 1192.57 1182.06 1199.93 993.48 4.73 12.67 65.42 1292.27 1199.27 1929.53 1155.81 4.73 12.68 12.78 1173.42 1185.78 92 3766.61 779.31 524.08 -8.2 18.94 -8.7 18.74 -2.2 6.81 +8.2 12.48 1164.24 1554.82 1222.68 42 Congriss (24) 43 Conglomerates (14) 45 Transport (13) 47 Telephone Networks (2) 48 Miscellaneous (29) -0.6 11.41 -0.7 19.55 -0.8 19.74 18.88 2258.19 1182.89 1172.81 -0.7 10.33 4.15 11.90 35.72 1180.86 1173.62 1185.78 926.58 2375.77 -0.2 9.12 4.82 14.50 96.43 2379.67 2376.32 2388.49 1760.99 49 INDUSTRIAL GROUP (485) 51 0il & Gas (15)..... 59 500 SHARE INDEX (500)... 61 FINANCIAL GROUP (120): 67 Insurance (Brokers) (7)...... 68 Merchant Banks (11)...... 68 Merchant Banks (11) 69 Property (49) 70 Other Financial (30) 2.82 - 25.23 1296.24 1285.84 1292.12 910.42 3.75 10.82 22.25 727.53 726.24 737.79 547.91 5.37 12.49 60.11 1508.26 1513.01 1521.43 1252.39 2.82 3.75 81 Mining Finance (1) ..... 1585.48 99 ALL-SHARE INDEX (697) . -8.6 - 4.33 - 37.79 1175.95 1169.73 1179.48 916.64 1168.64 | Day's | Day's | Day's | Day \_\_ 2342\_1 -16.4 | 2357.2 | 2338.7 | 2358.5 | 2344.7 | 2367.8 | 2386.2 | 2363.5 | 1777.A

	FIX	ED I	NTE	RES	r			AVERAGE CROS REDEMPTION Y		Tue Dec 19	Mon Dec 18	Year ago (approx.
-	PRICE INDICES	Tue Dec. 19	Day's change %	Mos Dec 18	xd adj. today	xd adi. 1989 to date	1 2 2	Coupons 1	5 years 5 years 5 years	10.21 9.56 9.48	10.29 9.67 9.57	9.50
3 4 5	5-15 years Over 15 years irredeemables All stocks Infer-Linkel Up to 5 years	127.87 148.95 140.74	+0.33 +0.35 -0.13 +0.26 +0.10 +0.26	116.33 129.55 139.53 158.54 127.81 140.81 140.38 140.29	9.02 0.50  0.28	13.88 13.64 13.66	7 8 9 10 11 12 13	Medium Coupons 1: 2: High Coupons 1:	years	11.11 10.01 9.66	11.18 10.05 9.68 11.32 10.25 9.81 9.65 3.89 3.62 2.95 3.44	10.54
9	Debenhers & Loses	106.22	+0.25	105.95		10.92	16 17	Deis & Leans	5 years 15 years 25 years	13.34 12.52 12.85	13.06 12.52 12.11	11.25 10.97
\$0 (a)	Preference  pening Index 2352.0  10.35am (b) 4.06  state is available  LDS: Treasery Cov. 1  pried into the yield co	pro † Flat	350.4; 11 yield. Hig	is and low	s record,	354.7; 1	pan 2 , vali	es and conscituent o	Manges are publi	STEE 18 320.	artialy cases in the ensit	n 2340.8 s. A list of 34n GUT

Issue Paid Researc 1989
Price up Date High Low year, together with some closing out of stale positions. The FT-SE 40 29 19 241 m1.88 2.3 6.6 8.6 m1.87 2.2 4.9 10.9 W3.0 28 3.7 12.5 R2.25 3.4 4.1 8.6 15.85 21 53 11.6 R14.85 310 7.2 47 R17.43 29 7.9 48 R15.03 25 7.1 64 80.23 33 23 12.2 M6.0 7.7 7.0 R14.58 2.4 6.7 7.0 **FIXED INTEREST STOCKS** Clasing Price £ Ammet Latest Paid op Resourc Dasse FP 530 FP 22/12 | 550 FP FP 1000 FP FP High Low 99.4 30<sup>1</sup>/<sub>2</sub> 162<sub>0</sub> 100<sub>0</sub> 30 82<sub>0</sub> 100<sub>0</sub> RIGHTS OFFERS Price p 1989 -**P**\_1 TRADITIONAL OPTIONS First Dealings
Last Dealings
Last Declarations Dec 18 Jan 5 Mar 22 London Share Service Calls in Micro Focus, Aviva Pet., Shell Traps. 420 64 73 85 1 6 10 10 1475 1 460 31 42 57 7 16 20 500 8 21 33 27 37 42 Ferranti, Eurotunnel warrants, Amstrad. Put in Brunning, Put and

Total Contracts 22,422 Calls 13,650 Pats 8 772 FT-SE Index Calls 2326 Pats 4467

Yorkshire

TV ahead

over £18m

YORKSHIRE Television, one of the big five ITV contractors yesterday announced a 133 per cent rise in pre-tax profits from \$15.64m to £18.04m for the year to the end of September, despite a relatively poor adver-

despite a relatively poor earth tising performance.

Whereas the network at a whole increased advertising revenues by 10.6 per cent over the period. Yorkshire achieved a rise of only 5.4 per cent, from £139.41m to £136.42m. As a result, its share of the network total fell from 8.93 per cent to \$51 per cent.

8.51 per cent. Mr Clive Leach, managing

director, said that the "group's sales force didn't operate wall" when the contracts for the

sales company.

According to Mr Leach, the current annual negotiations

are "going well" under the new system and the underlying drift of advertising revenues to

the south east has ceased.

The period also saw the implementation of further mea-

sures to improve efficiency. This involved the reduction in staff numbers, from 1,578 to 1,355, and enabled total staff costs to fall from £43m to £40 Am. At the prestar line.

240.4m. At the pre-tax line, however, this was offset by

exceptional charges of £3m

(£3.7m) relating to the rationalisation programme.

The year's two largest productions. Yellowthread Street and Till We Meet Again, will be transmitted as part of FTV's winter schedule, but the combined costs of about £15m were taken in the accounts.

The group also revealed details of its scheme to retain key executives in the run up to the award of new franchises which will run from 1993 and be awarded on the basis of a competitive tender for the first time linder the scheme 18 key

time. Under the scheme, 18 key executives are included in a profits bonus scheme for which

taken in the accounts.

15% to

By John Ridding

Mirror Group Newspapers expected to outbid Pointplus of the US

## Maxwell set to bid for Monotype

MR ROBERT Maxwell's Mirror Group Newspapers is today expected to make an offer for Monotype, one of the oldest names in British printing tech-nology which earlier this month agreed a £32m offer from Pointplus, a US invest-

ment group.

Mr Maxwell said yesterday that MGN had opened discussions with Monotype with a view to making an offer slightly above the 150p cash per share bid which was cur-rently on the table. Monotype's shares gained 3p to close at

158p. Should MGN acquire Monotype, which manufactures typesetting equipment and supplies a number of Britain's

FLETCHER CHALLENGE, the

New Zealand-based pulp and paper group, yesterday claimed victory in its £299m cash offer for UK Paper.

This followed an announce-ment from Metsä-Seria, the

Finnish forest products group, that it would not increase its

\$263m cash offer for UK Paper.

Fletcher Challenge yesterday brught further shares in the market taking its stake in UK Paper to about 42 per cent. The addition of irrevocable acceptances of 7.5 per cent from the board and what is believed to be a similar percentage from

be a similar percentage from management takes Fletcher

By Maggle Urry

nology, a wholly-owned subsidiary of MGN, the formation of which was also amounced yes-

which was also amounced yes-terday.

The new company will man-age existing MGN investments in the electronic pre-press pub-lishing business, act as a test bed facility for suppliers of such computer-based systems, and advise the board on installing technology in the newspapers it controls.

Fifth Wave will immediately

take over Mirror Group's 27
per cent stake in Scitex, the
Israeli-based company, and its
recently-acquired 100 per cent
holding in QED Technology, a
supplier of computerised publishing systems.

Mr. Denny, Changhal, Systems

Mr Danny Chapchal, former chief executive of Hell-Xeno-tron, a subisidiary of Siemens

Metsä-Seria made its offer, worth 330p per share, last month and initially it was rec-ommended to shareholders by UK Paper. However, Fletcher Chellege approached UK

Challenge approached UK Paper after seeing the Metsä-Seria offer and over the week-

end put together its 375p per share bid. UK Paper switched allegiance to the higher offer

launched on Monday.

After Fletcher Challenge's bid was announced on Monday,

Metsä-Serla said it was consid

ering making a yet higher offer, but decided yesterday

morning that "a price of 375p is a full price, bearing in mind

Fletcher bid wins UK Paper

which specialises in page make-up, has been appointed chief executive.

Mr Maxwell expressed his interest in Monotype immediately after the announcement of Pointplus' November offer which he described as too low.
Monotype presently supplies
pre-press equipment to MGN
and the two companies also
have technical collaboration

agreements. A spokesman for Fifth Wave said yesterday that Monotype was "an attractive company in the industry" and that "if the chemistry and price look reasonable after today's meeting between the two companies them are after about the first term. then an offer should be forth-

A successful bid by Mr Max-well would mark the latest step

the undoubted challenges to be faced by UK Paper within Europe." It said it would let its

offer lapse on December 28. It has sold its 45 per cent stake in UK Paper, bought when it made its offer at prices up to 330p, to Fletcher Challenge.

UK Paper's shares fell 11p to

close at 367p yesterday, below the offer price. Bankers said this was because people who accepted the offer would have

to wait for their cash, and therefore the market price was

discounting the time differ-

ence.

Metsä-Serla is expected to seek other opportunities to expand in Europe.

in Monotype's long and turbu-

Healthcare, a private maker of unbranded generic drugs,

As part of the transforma-tion, Medirace next month plans to change its name to

Medeva. It also hopes to gain a full Stock Exchange listing. Last year Evans had income

of £43.7m, on which it showed an operating profit of £5.2m. Medirace's current annual

Mr Bill Gerard, Medirace's

non-executive chairman, said yesterday that the purchase of Evans was needed to raise the

size and profile of his com-

Evans, until 1986 a subsid-

iary of Glaxo, put itself up for sale in the summer. It was

formed as a result of a £27.5m

management buy-out, financed largely by debt.

The rights issue announced yesterday by Medirace – subject to approval of shareholders at an extraordinary gen-

eral meeting on January 15 -places a value of about £57m on Evans' shares. The rest of

the consideration is largely

accounted for by repayment of

As part of the assimilation

of Evans by Medirace, four Evans directors, including Mr David Moffett, managing director, will be joining the Medirace board. The four had been the main nearly involved

been the main people involved in the Glaxo buy-out and cur-rently own about 30 per cent

At present, Medirace's sales mainly come from diagnostic equipment and reagents. It is also developing a novel drug for AIDS and cancer called

Contracan which was invented

by scientists at Hammersmith

Hospital in London.

of Evans.

sales are about £1m.

lent history.

Formed at the end of the nineteenth century, Monotype was one of the pioneers of type-setting technology. Its survival has been cast into doubt on a number of occasions and two rescues were necessary between the mid-1970s and

Recently, it has suffered renewed problems as a result of poor demand for its Laser-comp page composition equipment and increased competition from larger competitors.

Figures released earlier this month showed that losses for the first six months of the current financial year had risen from £908,000 to

#### Tiphook defers funding plan

Sweden, is deferring the sec-ond instalment on its convertible loan stock issue, writes Nikki Tait.

Tiphook announced the issue as part of the funding plans for as part of the full time and plans for its share of the acquisition costs when the struggle first broke out last May. Shareholders subscribed for the first instalment – 105p per unit of stock, raising £55.5m – in July. The second instalment, of 315p per stock unit, was pay-able in January if the offer had been successful before then.

Tiphook, the UK container rental company which is wag-ing a hid battle for Sea Con-tainers jointly with the private-ly-controlled Stena group of

#### Medirace Founding family seeks £87m plan to return Saga to complete to private sector acquisition

THE BOARD of Saga Group, the over-60s holiday tour operator, has been approached by the De Haan family, which controls 63 per cent of the company, with a view to taking it MEDIRACE, a fledgling pharmaceutical company traded on the Third Market, yesterday proposed a rights issue to raise the £87m needed to complete an ambitious acquisition that will increase its size more than forty-fold.

The company, formed two years ago, has in principle agreed to purchase Evans

pany, with a view to taking it private.

The De Haans, including Mr Roger De Haan. Saga chairman, intend to offer about 300p per share for the outstanding 37 per cent of the equity. The shares jumped from 227p to 233p after the announcement.

Mr De Haan said yesterday that the main reason the com-

Mr De Haan said yesterday that the main reason the company had been floated 11 years ago had been to deal with the tax and estate duty burdens facing his father, the founder, and the rest of the family. However, he said the over-60s market was becoming as cyclical as the main holiday trade and Saga found the City's short-term pressure to increase profits and dividend increasingly burdensome.

ingly burdensome.

In particular, Mr De Haan said the group was anxious to invest in further diversification into publishing, financial services and retirement homes which would not necessarily bring a quick profit return. The De Haans had never

been willing to dilute their 63 per cent stake, so the company never issued shares to raise funds. Nevertheless Saga has always had a strong cash posi-tion and at the end of July it had a cash balance of more

Saga's shares have fallen from a high of 306p this year as gloom about consumer spend-ing and pressure on holiday operators has grown. Analysts have forecast pre-tax profits at £5m for the year to January 31, which would give an exit mul-



increasingly burdensome

tiple of about 17, twice the secfor average.

Mr De Haan said the family, which is being advised by Campbell Lutyens Hudson, hoped the offer document would be published next

being arranged.

The independent directors of Saga, Mr Tim Bull, Mr Jerry Foster, and Mr Robert Levine, are being advised by County Natwest and have said share-holders should take no action

Saga started after the war when Mr Sidney De Haan began filling the family hotel at Folkestone, Kent, with elderly visitors out of season and organising seaside bus tours. It now sells more than 250,000 holidays every year, ranging from cheap long-stay holidays in Spain to expensive long-haul destinations and

period were being negotiated and that Yorkshire had responded by changing the top management of the sales team and forming a new advertising month, subject to the financing

in the meantime.

### Higgs and Hill gains allies in fight against bid

HIGGS AND HILL has published extracts of letters from leading figures in the housing and construction industry who are supporting its fight for independence Senior executives of Stan-hors Departing Land Sensi-

Senior executives of Stan-hope Properties, Land Securi-ties, Regalian Properties, Arlington Securities, the Ham-merson Group, Ranelagh Developments and Capital and Counties have written to Sir Brian Hill, the chairman, backing the Higgs and Hill board against the £137m takeover offer from YJ Lovell, a compet-itor in the housing and con-

By David Lascelles, Banking Editor

STANDARD Chartered and

Westdeutsche Landesbank, West Germany's fourth largest bank, yesterday signed an

pank, yesterday signed an agreement to together develop their commercial and merchant banking operations.

The deal will enable West-deutsche to buy 50 per cent of the share capital of Standard Chartered Merchant Bank and 20 per cent of Standard's special standard special sp

20 per cent of Standard's spe-cialist financing business.

Payment will be through the

notice with some sadness the bid for your company. I do not know how it will affect you but I do hope that you retain your

a strongly worded document which again rejects the offer announced late last month. Sir Brian said the company has a

The letter from Mr Stuart Lipton, the chief executive of Stanhope Properties, said: "I stanton industry.

Arlington Securities, a subsidiary of British Aerospace, to undertake development projects in France.

StanChart German link

about 4 per cent of pre-tax profits are being put eside each year until the decision on franchise awards is known. company's independence."

The extracts are contained in Earnings per share during the period rose from 28,79 to 32.99 and a final dividend of 8p (6.6p) makes 11.3p (9.6p).

Brian said the company has a bigger future contract work-load than in the previous 12 months and again argued that the group was well placed to expand further into continental Europe.

Higgs and Hill recently formed a joint venture with Arlington Securities, a subsid-

valued at £16m, and £67m in cash. The enlarged operation will be renamed Chartered

Standard Chartered will also sell its European banking busi-nesses in nine European coun-

tries, excluding the UK and Switzerland, to WestLB for

their net asset value of over

Standard Chartered will get

£160m net from the transactions and shed about £2bn in

assets, boosting its total capital

ratio by more than 1 per

£90m in cash.

• COMMENT

Yorkshire's poor advertising performance takes the shine off an otherwise solid performance. Particularly encouraging is the removal of about Elm from staff costs which will show through properly this year given the expected sharp reduction in offsetting excep-tionals. In the current year, however, the increase in the Exchequer Levy, from about 59m to £12m, means that York-shire will be running hard to make any progress at the pre-tax line. As far as TV share valuations are concerned, however, profits are no longer the name of the game. What mat-ters is franchise retention and protection against franchise loss. On the first count, Yorkshire's licence is unlikely to attract as much competition as, say, TVS or TV-AM, and its management is well regarded although evidence is needed of improved sales performance. Franchise loss would certainly result in difficulties, despite the reasonable strength of the programme library. The downside is already reflected in a correctly priced prospective rating of just over 8 times.

#### Mr Bernard Taylor, a forme Glaxo chief executive, is talking to Medirace about becoming executive chairman early in the New Year.

stake in MTM By Raymond Snoddy

of minority

TVS to dispose

TVS Entertainment, the independent television company, is expected to send out formal documents within the next couple of weeks offering up to 49 per cent of MTM, its loss-making US production

subsidiary.

The company, which holds the ITV franchise for the south of England and is one of the more desireable targets in the coming round of competitive casting licences, is eager to reduce its exposure on

TVS bought the Hollywood independent, famous for pro-grammes such as Lou Grant, Hill Street Rhues and St Elsewhere, in July last year for

MTM has in the past year been hit by a downturn in the US syndication market, the selling of former networks shows to independent stations, and the decreasing popularity of one-hour programmes which are MTM's stock in

It is expected to lose between \$16m and \$20m this

In October Mr Arthur Price, president, chief executive and one of the founders of MTM one of the founders at MTM announced he was resigning. The decision was followed earlier this month by an announcement that Mr Price was to give up, without compensation, rights to a 10 per cent stake in TVS, which was worth more than £11m at the time of the announce

An extraordinary general meeting has been called for December 29 to agree the settlement with Mr Price and his close partner Mary Tyler Moore, the actress after whom the company was

At the meeting TVS share-holders will also be able to comment on the decision of the board to increase the sal-ary of Mr James Gatward, the TVS chief executive, from £118,000 to £250,000 from Jan-

Sir Mark Weinberg resigns directorships Sir Mark Weinberg has

resigned from the boards of BAT Industries and J Roths-child Holdings. The latter is a partner in Hoylake which is proposing to bid for BAT. He will remain a director of Allied Dunbar, part of BAT's insurance operations.

## rayment will be invoign the injection by Westdeutsche into SCMB of its own asset trading, mergers and acquisitions and specialist finance businesses Radio stakes reshuffle continues

By John Ridding

THE RESHUFFLING of stakes in the commercial radio sector continued yesterday with Ang-lia Television acquiring a further 9 per cent stake in the newly floated Chiltern Radio, and EMAP, the publishing group, expanding its invest-ment in Radio Broadlands and STATAL Court Pagio

Suffolk Group Radio.

Aithough relatively small, the moves reflect the increased attraction of investments in the sector, the consolidation of commercial radio into geo-graphical groupings and the diversification of ITV contractors into related areas ahead of the competition for new broadcasting franchises.

Auglia Television, which

holds the franchise for the east of England, is paying about £1.5m to double its investment in Chiltern to 18.13 per cent. Anglia, which is barred by IBA Angua, which is barred by IBA regulations from holding more than 20 per cent of a radio company, said it it would hold the stake for investment purposes. About a quarter of the new shares were bought in the market at an average price of 270.45p. Chiltern's shares, which were floated earlier this

which were floated earlier this week at 210p, rose 12p yesterday to close at 282p.

EMAP is paying a total of about £1.4m to acquire 4.6 per cent and 17.3 per cent respectively of Radio Broadland and Suffolk Group. The purchase,

from Crown Communications, is conditional on IBA approval for Broadland's acquisition of Suffolk and will combine with EMAP's current holding to give it a 19.7 per cent stake in the combined group.

The disposal is in line with Crown's current strategy of concentrating its holdings in the Midlands and south east. Earlier this month it sold its 12

Earlier this month it sold its 12 per cent stake in Chiltern Radio to Capital Radio. Mr Robin Miller, EMAP's

chief executive, said that radio is probably the fastest growing form of media in the UK" and that the City now recognised the "spectacular growth" of the sector.

### DIVIDENDS ANNOUNCED

<b>:</b> [	payment	bakweut	alvideua	year	year
Braithwaiteint	1.4	Feb 23	1	-	6.5
Broadwell Land 5int	1.7	_	1.36	-	5
Copson (F)nt		-	1	-	4
Dwyerfin	25	Mar 2	2	4	3
F&C Smaller Cosint	0.45	-	0.4	-1	1.3
Faunel Trading §int	1.85	-	-	-	-
Greenali Whitley	5.4	Feb 2	4.5	8.7	7.25
NFCfin		Apr 6	-	7.5�	5.72
Tipsley Roborint	0.75	· <u>-</u>	0.75	-	21
West Trustnt	0.25	-	73il·	-	0.25
Westpool Investint	0.35	Feb 10	0.35	-	2.5☆
Yorkshire TVfin	8	-	6.6	11.3	9.8

Dividends shown pence per share net except where otherwise stated "Equivalent after allowing for early lasue. 1On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock, ©Third market. •Plus special first interim dividend of 1.2p. ‡Total of 1.45p forecast, xincludes special 0.5p dividend. NOTICE OF INTEREST RATE To the Holders of

International Bank for Reconstruction and Development ted U.S. Dollar Floating Rate Notes of 1985

of 1985
In accordance with the provisions of the Notes, notice is hereby given that the above Notes will bear interest for the period from December 15, 1989 to and including March 14, 1990 at a rate per annum of 8.248864293% payable on March 15, 1990 in the amount of \$206.22 in respect of each \$10,000 principal amount of Notes and \$5,155.54 in respect of each \$250,000 principal amount of Notes.

MORGAN City at the second seco

Dated: December 20, 1989

MORGAN GUARANTY TRUST COMPANY

All of these Securities have been sold. This announcement appears as a matter of record only.

6,000,000 Shares

## Arkla Exploration Company

Common Stock

5,000,000 Shares

This portion of the offering was offered in the United States and Canada by the undersigned.

MORGAN STANLEY & CO.

THE FIRST BOSTON CORPORATION

BEAR, STEARNS & CO. INC.

ALEX. BROWN & SONS DONALDSON, LUFKIN & JENRETTE DREXEL BURNHAM LAMBERT A. G. EDWARDS & SONS, INC.

GOLDMAN, SACHS&CO. HAMBRECHT&QUIST KIDDER, PEABODY&CO. LAZARD FRERES&CO. **MONTGOMERY SECURITIES** 

DILLON, READ & CO. INC.

SALOMON BROTHERS INC

STEPHENS INC.

MERRILL LYNCH CAPITAL MARKETS PAINEWEBBER INCORPORATED

PRUDENTIAL-BACHE CAPITAL FUNDING

ROBERTSON, STEPHENS & COMPANY SHEARSON LEHMAN HUTTON INC. WERTHEIM SCHRODER & CO.

SMITH BARNEY, HARRIS UPHAM & CO.

DEAN WITTER REYNOLDS INC.

1,000,000 Shares

This portion of the offering was offered outside the United States and Canada by the undersigned.

MORGAN STANLEY INTERNATIONAL

DRESDNER BANK

KLEINWORT BENSON THE NIKKO SECURITIES CO., (EUROPE) LTD. December 14, 1989

CREDIT SUISSE FIRST BOSTON

GOLDMAN SACHS INTERNATIONAL LAZARD FRERES ET CIE

SALOMON BROTHERS INTERNATIONAL

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#### UK COMPANY NEWS

## Greenall disappoints with £52m after property sales

A 40 PER CENT increase in interest payments flattened the performance of Greenall Whit-ley, the Warrington-based brewery and hotels business, which — before property sales — saw a profit increase of only 4 per cent for the year to Sep-

tember 29. Market disappointment was reflected in a 15p drop in the share price to 343p yester-

day. The 25.75m rise in interest payments to £19.96m was partly clawed back through property disposals of £7.71m (£4.61m). Property comprised nearly 15 per cent of the £52.02m pre-tax profit, a 10.5 per cent advance on last year's

Mr Michael Davis, director of finance and planning, said the £168m net borrowings would have pushed gearing to more than 30 per cent had it not been for a revaluation of the robe adding £255m to be a saiding £255m to be a said to be pubs, adding £255m to share-holders' funds. Instead it stood at just over 21 per

The main beneficiary of a 273m capital spending pro-gramme was the De Vere hotels division. Two more were bought, taking the total to 25, and nearly 19m was spent on the Belfry – the north War-wickshire home of golf's Ryder

Cup.
This investment paid off through a growth of more than 31 per cent in the UK hotels' operating profit to £18.08m. This was achieved on turnover up nearly 19 per cent. Higher occupancy levels and room rates improved mar-

But the six US hotels continued to disappoint, making only ned to disappoint, making only the increased emphasis on licensed catering, 100 pubs and six hotels had been hived off

German

Smaller to

raise £13m

GERMAN SMALLER Com-

panies investment Trust is to raise some £13.2m net of

expenses via a placing and an

open offer.

The new ordinary shares and warrants have been conditionally placed, subject to clawback, by Lloyds Merchant.

Bank through Rowe and Pit-

nary and 1.15m new warrants are being issued in units com-

prising five new ordinary and

one new warrant at £12.90 per offer unit

nary or 100 warrants held on December 12.

The net asset value of F&C Smaller Companies, invest-ment trust, was 102.1p at Octo-

ber 31 - up from 82.7p a year

months to end-October amounted to £951,060 (£749,000)

and earnings per share worked through at L05p (0.83p). The interim dividend is raised to

0.45p (0.4p) with a forecast total of 1.45p (1.3p):

Reduced pre-tax profits of £134,000 against last time's £258,000 were announced by

Harmony Leisure Group, a USM-quoted manager of restau-

rants and public houses, for

Harmony Leisure

down to £134,000

Net revenue for the six

F&C Smaller nav

rises to 102.1p

Ordinary shareholders and

A total of 5.25m new ordi-



Christopher Hatton: chairman of Greenall Whitley

managing director, said the head office had been closed and the management contracted out. American franchise names were being sought - which would make the hotels more attractive to poten-

tial buyers. Greenall Whitley is the UK's largest regional brewer with more than 1,600 pubs. Operat-ing profit from the beer business advanced 9 per cent to

The Davenports brewery in Birmingham has been closed, with a loss of 100 jobs. Closure costs of £6.1m were offset in the extraordinary items by a £10.7m surplus on the sale of

Although beer sales were tlat, some fizz was added by lager, helped by the brewing of the Canadian Labatt's

bingo activities.

Demand for pub meals had also shown a healthy inc Mr Davis said that as part of

into a new Premier House division, where sales from food and drink were roughly 50:50, compared with the 25:75 split in a typical pub.

Operating profit in its other drinks and leisure division, including 300 off-licences, showed a like-for-like (exclu-ding bingo) increase of 15 per

Group turnover was up 9 per cent from £455m to £496.96m and earnings per limited voting share - helped by a reduced tax charge improved by 16 per cent to 28.1p (24.2p).
All the comparisons are

slightly weakened by the fact that last year's figures were for A final dividend of 5.4p makes a total of 8.7p, a 20 per

cent increase. **COMMENT** 

High UK interest rates have already hit Greenall directly and the double squeeze - perhaps already felt in beer - could increase if business belttightening reduces hotel custom. Things should, however, improve in the US, either through the management conthrough the management con-tractor earning its bacon, or by selling up. While ale prospects continue to look cloudy, lager is brighter and the food-backed pub policy seems set for fur-ther growth. There is, however, unease at the proportion of profit derived from property sales. If it more than matches sales. If it more than matches this year's figure, overall pretax profit is forecast to reach between £57m and £58m, giving a prospective multiple of about 11. Greenall's main attraction is its net assets of 653p per share, but takeover prospects are clouded by effective family

### **Another** suitor for Carron

By Jane Fuller

ANOTHER potential bidder has emerged for Carron Phoe-nix, the Falkirk-based sink manufacturer which on Mon-day announced that it had agreed to a takeover proposal from Groupe Bene, a private French company

The unnamed possible rival has met Carron Phoenix's management to ask for further information about the trading position. Its adviser Brown, Shipley said if there were an offer, it would be in

Bene's cash offer of 60p per share vales the USM-quoted company at £6.8m. day rose 10p to 68p.

#### **Tinsley Robor** declines 30% to £0.63m

Tinsley Rober, a printing and packaging group, reported a 30 per cent fall in profits from £893,000 to £825,000 for the six

E83,000 to £825,000 for the ax months to end-September. However, the company said that trading had shown some improvement but it was too early to say to what extent this would be maintained. Directors said that it became

apparent early in the year that the machinery division would not meet budgeted sales or margins and a number of options were being considered including disposal

Turnover slipped to £17.9m (£18.02m) for lower operating of £625,000

Earnings per share were 1.45p (2.55p) and the interim dividend is maintained at

#### NEWS DIGEST

the half-year to October 1 1989. At the March 31 year-end losses amounted to £128,000. Turnover advanced to £4.85m

(£3.97m) with operating profits at £274,000 (£251,000). The com-pany does not declare an interim dividend but directors are anticipating a final payment. Earnings came through at 0.37p (0.72p) per 5p share.

Investment in two hotels caused gearing to rise from nil to 20 per cent. That was reflected in an interest charge

Titaghur Jute back in black

of £140,000 (£7,000 credit).

The Titaghur Jute Factory, the Calcutta-based company which manufactures a variety of goods from jute, reported attributable profits of £1.07m in the nine months to end-March

warrant holders are being given the opportunity to apply for the offer units at the placing price on the basis of seven offer units for every 100 ordi-This compared with a loss of £6.77m last time but included <u>an exceptional item -- compris-</u> ing credit balances written back - totalling £3.6m (nil). Turnover in the period fell by some £7m to £18.79m. Earnings per £1 share worked through at 73.18p (476.41p loss).

> Net assets lower at **Hambros Advanced**

Hambros Advanced Technol-Hambros Advanced Technology Trust reported net asset value of 123p at September 30, companed with 197p a year earlier. The company said that almost all of the fall was the result of paying a special dividend of 65p following the sale of about 8m shares in Racal Riectromics.

Electronics. In the year to the end of September net receipts were \$220,000 (£146,000 deficit). During the period there was a transfer from reserves of £14.43m and the special divi-dend absorbed £12.5m. Earnings per share came out at 0.11p (0.76p losses).

DEFENCE

The Financial Times proposes to publish a Survey on the

above on

17th January 1990

For a full editorial synopsis and advertisement details, please contact:

Ian Ely-Corbett

on 01-873 3389

or write to him at:

Number One, Southwark Bridge

London SE1 9HL.

Strata net assets rise to 169.8p Net assets at Strata Invest-

ments, an investment trust, were 169.8p at October 31 - up from 147.1p a year earlier.

Assuming the full conversion of warrants the figures were 163.5p (142.8p).

Net revenue for the year to end-October amounted to £272,000 (£170,000). Earnings proved from Lilp to 1.67p and the single dividend for the year is raised to 1,15p (0.7p).

Kleinwort Charter nav ahead 27%

A 27 per cent increase to 191.4p in net asset value at November 30, against 150.2p 12 months earlier, was revealed by the results of Kleinwort Charter Investment Trust.

Total income for the year to end-November was up from 26.14m to 28.12m. Management and administration expenses and interest payable rose from 21.77m to £2.03m and tax charged was £1.64m (£1.17m), leaving earnings of 5.46p

(3.91p).
The final dividend is a proposed 3.175p (2.3p) making a total of 4.25p (3.25p).

Brunner asset value sharply up to 198.8p

Net asset value of Brunner Investment Trust rose from 141.5p to 198.8p in the year to November 30. Total income increased from

25.61m to 25.78m. Deducting administration expenses of £526,000 (£435,000), interest of £1.58m (£2.28m) and tax of £913,000 (£792,000) earnings per share were left at 4.29p (3.26p). A final dividend of 2.05p (1.7p) is proposed making 3.75p (3.1p).

Headlam to buy Cadogan Oakley

Headlam Group, the footwear

maker, is acquiring Cadogan Oakley, a private company whose activities include manufacture of men's accessories and upholstered furniture.

The payment, in two tranches, will comprise a maximum 23m new Headlam shares, with the initial consideration likely to consist of 16m shares. The tranches will be based on pre-tax profits of both groups this year and next. Dealings in Headlam shares

were suspended on Friday at 76p. There will be no resumption of trading before April

Dividend rise at River Plate & Gen

share of The River Plate & General Investment Trust stood at 166.8p at October 31 1989. At the last year-end it

was 168.6p. Net revenue for the 12 months to end-October amounted to £4.17m (£3.66m). After expenses and interest charges totalling £589,000 (£529,000) and tax of £1.46m (£1.34m) earnings per income share came out at 7.73p (6.79p). A final dividend of 4.7p (3.6675p) makes a total for the year of 7.7p (6.6675p).

Net assets improve at TR Technology

The net asset value of TR Technology, an investment trust, stood at 149.7p at October 31 - up from 98.4p a year

Results for the six months to that date showed net revenue up from £1.46m to £1.54m, leaving earnings per share at 1.61p, up from 1.51p last time. The trust does not declare an

interim dividend, but directors expect to pay a dividend for the year of not less than last time's 1.5p.

Strong advance at **Booth Industries** 

Booth Industries, the steel engineering and design group, lifted taxable profits to £351,696 in the six months to September 30 1989.

The outcome, an increase of some 46 per cent on the 2241,703 achieved in the corresponding period of last year, was achieved on turnover ahead to £14.19m (£13.31m). An interim dividend of 0.7p (0.8p) is payable from earnings of 5.72p (3.93p) per share.

Steel Burrill sells agency

Steel Burrill Jones Group, the insurance broker, is to sell a Lloyd's members' agency rep-resenting members of Lloyd's of London who put up capital to CI de Rougemont Holdings,

The members' agency, Crockford Devitt Underwriting Agencies, was purchased in May this year as part of the acquisition of of the Devitt

Steel Burrill Jones said yes-terday, however, that it had always intended to sell the agency which did not fit the group's long-term plans.

December 1989

### The WCRS Group plc

has acquired the remaining 50% of

### **Carat Holding**

The undersigned acted as financial adviser to The WCRS Group plc and assisted in the negotiations.

**Salomon Brothers International Limited** 

December 1989

### The WCRS Group pic

has sold a 40% interest in

### **WCRS Advertising Limited**

and a 9% interest in

Groupe Bélier WCRS

**Eurocom SA** 

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New Issue / December 1989

72,000,000

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FINANCIALTIMES

#### **COMMODITIES AND AGRICULTURE**

## Brussels compromises on fishing quota reductions

lower catches for the North Sea fishing fleet was partially sugared yesterday by a com-promise package of 1990 fishing quotas agreed by the 12 mem-ber states of the European

Community.

A frantic night of negotiations by Fisheries Ministers in Brussels persuaded the Com-mission to raise the Total Allowable Catch for several key species beyond its original proposals - but the final outcome is still a considerable reduction in the fishing effort in areas of Community waters of key interest to British

This week's talks took place in an atmosphere of growing crisis in the Community's fishing industry with all sides fully aware that there were too many fishermen chasing a diminishing number of

Inevitably perhaps the result of the negotiations pleased few of the participants. The conces-sions, while insufficient to satisfy some member states, were clearly too generous at the end for the liking of Mr Manuel Marin, the Fisheries Commis-sioner. Praised by the French chairman of the meeting for having shown ministers "that we can't behave like ostriches," Mr Mazin sounded a warning at the end of the meet-ing that some of the allowable catch totals were too high for medium and long-term health

of the industry.

The British delegation — led by Mr John Gummer, the UK's Fisheries Minister, and strengthened overnight with the appearance of Mr Malcolm Rifkind, the Secretary of State for Scotland - appeared to be reasonably happy with the results of its high pressure lob-

bying campaign.
Following consultations with the Norwegian Government overnight on some of the jointly-managed North Sea stocks, the TACs were increased to levels which the ministers felt more in tune with the scientific advice. (The Commission incidentally rejects the impli-cation that its original proposals were too tough, pointing out that its figures were simply at the low end of the biologists'

N.Sea "Total agreed catches '000 tonnes

Total agreed catches 1000 tonnes 250

200

150

Hatdock

50

1982 84 86 88 90

\*\*ac. Norway and Swedin Source : EC

SCOTTISH FISHERMEN, who account for most of the UK catch, yesterday reacted with resignation to the quota agreement, writes James Buxton in Edinburgh. "The Ministers have simply gone back to what

range).
Thus the Community's share of the North Sea cod TAC was agreed at 98,270 tonnes (of which the UK gets 46,180 tonnes), against 90,270 tonnes under the Commission's proposal and 118,750 tonnes in

The EC share of the North Sea haddock quota for 1990 will be 41,700 tonnes (UK share 36,280) against 62,500 tonnes for this year. Commission officials point out, however, that in view of the smaller-sized fish this means that the reduction in the fishing effort compared with 1988 levels will be just 20 per cent

The EC share of the plaice TAC, meanwhile, will be 176,900 in 1990 against 182,700 this year.

Britain's haddock quota was boosted by the provisions of the so-called Hague Compromise which are triggered when the total catch limits fall below a certain threshold — though the proportional increase was less than that achieved under the same convention last time. A bigger battle for Mr Gummer was to win acceptance of the idea that fishermen can pursue migrating mackerel beyond the 4 degrees west line which forms the boundary of a key zone to the north of Scotland.

the scientists said in the first place," said Mr Iain MacSween of the Scottish Fishermen's

Organisation.

Fishermen would now have to decide whether to spread the remaining haddock quota over the whole of 1990, or use it up in the first five or six months. The consensus in the industry was to spread out the quota over the year, but this would put financial pressure on the newer boats which were most financially exposed. He said the Government would now have to face the

question of de-commissioning and of paying boats to be laid up. It was essential that decommissioning was orderly, leaving the most modern boats were allowed to prevail some of the best but most financially exposed boats could be decommissioned.

The principle was finally accepted by the Commission, but the quantities involved in this exercise were cut from 35,000 tonnes this year to 28,000 tormes in 1990.

An important declaration to

the compromise commits EC experts to report by 1 June next year on ideas to improve conservation policy (mesh sizes, landing sizes, excessive "discards" in mixed fisheries). But in a clear dig at those who think this is an easy solution to the current problems one experienced EC official emphasised last night that "experi-ence shows how very difficult this one is."

Spain and Portugal voted

against the package because they were unhappy with their share of the Greenland TACs and (in Spain's case) because it was felt the Commission has been too generous to Canada in negotiations over fishing in North West Atlantic waters. Not all the news, however, was bad. The North Sea sole quota has been increased from around 16,000 tonnes to 25,000 tonnes - a decision which could be worth around £50m to the Dutch fleet. No wonder that the Netherlands was one of the most enthusiastic backers of the Commission's stance during the negotiations.

#### WEEKLY METALS PRICES

Prices from Metal Bulletin (last week's in brackets). ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,680-1,725

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse,

CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 5.00-5.25

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 7.45-7.70 (7.40-

7.70).
MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 240-250 (240-255). MOLYBDENUM: European

free market, drummed molybdic oxide, \$ per Ib Mo, in warehouse, 2.47-2.55 (2.50-2.60). SELENIUM: European free

COCOA - Loudou FOX

645 642 633 625 642 637

lb, in warehouse, 5.50-6.10 TUNGSTEN ORE: Europea free market, standard min. 65

market, min. 98 per cent, \$ a lb VO, cif, 2.20-2.40 (2.30-2.50).

per cent, \$ per tonne unit (10 kg) WO, cif, 44-61 (same).

URANIUM: Nuexco exchange value, \$ per lb, UO, market, min 99.5 per cent, \$ per 9.20 (same).

s, 99.7% purity (5 per ton:

1613-5

## Heroes and villains in Japan's paddy war

Rice rebels anger the authorities but are lionised by consumers, reports Stefan Wagstyl

R ICE, A gift from the gods in Japanese legend, has proved a mixed blessing for the people of Ogata village, in northern

Japan.
They are some of Japan's wealthiest farmers, rich enough to afford foreign holidays and sports cars and to consider building their own golf course. But the community is split into two warring factions, whose members trade insults if they meet in the street. Neighbours refuse to speak to each other. Their children fight at school. Mr Seiki Miyata, the mayor, has the support of half the village while the other half is soing him in court. He says: "The atmosphere in Ogata is bad."

The root of the trouble is the determination of nearly half the village's 589 families to ignore rules which give the Government a virtual monop-oly over rice distribution. The state buys rice at inflated prices in order to protect the Japanese farmer from the consequences of his own inefficlency. Imports are banned. Many farmers cheat a little, sending rice by post to friends and relatives. But the Ogata rebels sell almost all their out-

The black market price corresponds precisely to the offi-cial retail price - Y20,000 to Y22,000 (£36 to £95) per 60 kg bag. But. of course, there are no volume controls and since black market rice has the cachet of being "fresher" the demand is strong. The alternative for the farmer is to sell surplus production to the state at lower prices for animal feed grade rice (which happens to be the same standard as regu-

put on the black market - in

defiance of the Government,

the protests of other farmers

and the anger of their fellow

villagers



The Ogata entrepreneurs truck their rice to big cities at night, to avoid confronting government inspectors. The officials try to obstruct the reb els, but are powerless to stop them because the law on rice sales is too vague to stand up in court. The Government is at a loss

what to do. The effects of the dispute have spread far beyond the wind-swept rice paddies of Ogata. Consumers honise the rebels for the fresh high-quality rice they supply. The national farmers' union sees them as traitors, who threaten to undermine Japan's whole carefully-constructed system of agricultural subsidies.

Some of the Ogata rebels portray themselves as champi-ons of the free market and rail against the power of the Japanese bureaucracy. But their opponents say the rebels are just being greedy - breaking rules out of self-interest, not for the sake of principle. It is all a far cry from the model farm community that

it was built on land reclaimed from a large lake in the 1950s and 1960s. The Y85bn project spearheaded post-war Japan's effort to become self-sufficient in food. Settlers were recruited from all over the country.

Emperor Hirohito opened one of the seven bridges which link Ogata to the mainland.

Ogata was intended to be when

But even before the last villagers arrived in 1978, the Government had switched from boosting rice production to trying to limit it. The Ogata farmers' dream went sour as the Ministry of Agriculture Forestry and Fish-eries began to set national limits on the proportion of paddies on which a farmer could grow rice. The rest had to be turned over to vegetables, or left fal-low. They protested, saying all their land was paddy, but the Ministry insisted that rice could be grown on only half. Over the years Ministry con-cessions have raised the limit to two-thirds, but Ogata says

this is still not enough. Farmers elsewhere in Japan say Ogata is already getting more than its fair share of the more than its fair share of the benefits of the national rice policy. The village's large and fertile farms produce rice at less than half the Japanese average cost. The paddies are so large that special combine harvesters are imported from Europe — Japanese models, the size of large lawnmowers, are too small. are too small.

Within Ogata, most farmer Within Ogata, most farmers initially agreed to keep to the Government's rules, while taking every opportunity to press their case. Eleven years ago 554 families burnt their surplus rice in a protest against the national policy.

But a small group refused to obey and started selling their rice on the black market. They have been welcomed by consumers who complain that offi-

sumers who complain that officially-distributed rice is often stale. Co-operatives were set up in cities to take delivery of Ogata rice and distribute it door-to-door. The rebals' numbers have grown ever since, as their neighbours watched them grow rich and fight off repeated challenges from government officials. Mr Miyata, the mayor, estimates the rebels' average household incomes at Y30m a year, against Y25m for the rest of the village. In 1985, the authorities tried to force the issue by surround-

ing the village for three months with police check-points and having trucks searched. But the farmers won, smuggling their rice out in small lots in car boots. Last year officials tried again, and three rebel farmers were arrested. But the local public prosecutor threw out the charge on the grounds that almost every farmer in Japan sold at least some rice on the black market. So the law protecting the Government's

investment in Indonesia - as opposed to joint ventures. The

Government now holds a 9 per cent stake - 3.7 per cent is owned by the German Group Norddeutsche Affinerie.

Indonesia recently extended

a geological survey contract with Australian to complete

work on the eastern part of Irian Jaya. BHP, Australia's

largest company, is currently mining at Ok Tedi across the

border in Papua New Guinea.

Freeport has exclusive explora-tion rights on a 25,000 sq km concession, extending along

the Carsteng mountain range, which geologists say is highly prospective.

monopoly could not be

monopoly could not be enforced.

Mr Tadashii Kurosa, one of the rebels ring-leaders, says be is still harassed by local agriculture ministry officials, who call on him to try to persuade him to keep the rules. He talks them to go away. "They have no right to come on to my land without a warrant," he says. Nevertheless, the farm ministry this autumn managed to prevent national trucking companies from distributing rebel rice. Mr Kurose and his colleagues switched to local operators. He controls a tightly

ators. He controls a tightly organised network of farmers, truck companies and drivers, truck companies and drivers, linked by telephone and fax.

Mr Kurose says he is not breaking any laws — only administrative guidelines.

"People should choose whether or not they keep guidelines," he says. "But they don't. We are not democratically-minded in Jaran"

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 $\Delta (\omega) \Delta (\omega) = \Delta (\omega)$ 

Mr Miyata purses his lips at the mention of Mr Kurose's

name. He says he is trying to negotiate further concessions regulate turther concessans from the agriculture ministry, but admits it may too late to win over the likes of Mr Kurose. He is in the midst of a law-suit pressed by rehels who charge he illegally used village funds to print anti-rebel leaf-

Last year, Mr Miyata won the village election with just 53 per cent of the vote against 47 per cent for a rebel candidate. Next time, in 1991, he feers he

may lose. Ogata has become a painful example of the limitations of the Japanese preference for consensus. Mr Susumu Kato, a local agriculture ministry offcial, says: "99 per cent of prob-lems can be solved by consen-sus. Ogata belongs to the other 1 per cent. There can be no compromise between Ogata and the rest of Japan."

### US group boosts Indonesian copper investment

US MARKETS

IN THE METALS, slow, two-sided

Drexel Burnham Lambert, Gold finished the day unchanged. Copper and platinum were firm while sliver slipped. In the softs, scattered short covering pushed cocoa futures higher, March cocoa rose 16 closing at 915. Sugar and coffee were both quiet. The livestocks were once again dominated by local participants. Hogs and cattle closed higher while bellies slipped.

action was featured in most markets due to the upcoming holidays, reports

The grain markets had light commercial selling in the soy complex. Wheat rose 2 1/4 basis March on

By John Murray Brown in Jakarta

FREEPORT McMoRan, the US-based mining concern, is doubling its investment in an Indonesian copper mine as part of a corporate restructuring. Freeport has awarded a us dollars 300m mine (development contract to Fluor Daniel, the US engineering and construction company under a \$500m expansion scheme for its Ertsberg copper deposit in the frontier province of Irian Jaya.

A new find at the nearby Grasberg Mountain has doubled proven reserves to 3.6m tonnes. Gold reserves have also been increased to 6.7m ounces. All production currently goes to Japan in concentrate form. Finance is to be provided under a \$550m 10-year loan

syndication agreed in November and co-led by J.P. Morgan, the New York bankers, and

High/Low

Fuji Bank of Japan. The agreement, which is at 1.125 per cent over Libor, is on non-recourse terms where project revenues act as collateral for the lenders, and service the loan. Last year Freeport Indonesia recorded net income after tax

and royalties of \$43.4m, up from \$16.7m in 1987. Meanwhile Mr Ginandiar Kartasasmita. Indonesia's Energy Minister, has insisted that a planned copper smelter be located within Indonesia. The local government in Irian Jaya, which has called on Freeport to create more jobs, wants the plant sited in the province. Currently only 20 out of a total workforce of 3,500 are local Irianese, according to officials.

sulphur deposit in the Gulf of Mexico. Officials said the sale should be complete by 1990. With the new discovery Free-port Indonesia expects to pro-duce around 135,000 tonnes of

copper a year - around 2 per cent of world supply. Because of high grade ores and large gold deposits the mine has remained profitable even through the recent copper price decline. For each tonne of copper

month. The New Orleans-based

minerals group announced a planned asset shake-up involv-

ing the sale of \$1.5bn worth of

gold, and oil and gas interests

in North America, to fund

development of the Indonesian

copper mine and a profitable

The Freeport expansion is concentrate the mine produces the first stage of a major capital restructuring unveiled last freeport was Indonesia's larg-

Nigerian cocoa export ban denied est gold producer, exporting 2.8 tonnes. Today Ertsberg is the country's only copper develop-ment. It was originally the only wholly foreign owned NIGERIA'S

Government has denied a report that it is to impose a ben on the export of raw cocoa beaus, reports Router from Lagos.
"For now, emphasis will be

on the exportation of finished or semi-processed cocca beans and not a total ban on the exportation of the raw commodity," said a statement issued yesterday by the office of the Chief of General Staff, Vice-Admiral Augustus Aik-homu, in a "clarification" to a speech he made on Monday. State radio had quoted Vice-Admiral Aikhomu, member of the Armed Forces Ruling Council, as saying that a ban on raw cocoa exports would take effect from next year.

### WORLD COMMODITIES PRICES

(Prices supplied by Amalgameted Metal Trading) AM Official Kerb close Open Interest

Ring turnover 8,650 tonne

LONDON MARKETS
ALUMINIUM prices on the LME continued to retreat yesterday, with cash metal shedding \$27 to \$1,587 a tonne, the lowest closing price since the \$9.7 per cent cash price came on the board in August 1987. The market was unsettled by talk that last week's heavy selling had been mainly hedging of Brazillan metal and not investment fund liquidation. The end to the Venezuelan dockworkers' strike and the reversion of the market to a contango (discount against three-month metal) also helped to undermine market sentiment. Copper prices fell — analysts said that the market had resumed its bear trend after hitting stiff chart resistance in the \$2,400 to \$2,420 area recently. Zinc was also in retreat. Once the end-year technical supply squeeze is over, the market is expected to ease in respons to a sluggish physical sector.
SPOT MARKETS

market is expected to to a sluggish physical		sponse
SPOT MARKETS		
Crude of (per barrel FOB)		+ or -
Dubai Brent Blend W.T.J. (1 pm est)	\$16.97-7.074 \$19.50-8.554 \$21.37-1.404	+0.10
OE products (NWE prompt delivery per k	nne CIF)	+ or -
Premium Gesoline Ges OR Heavy Fuel OII Nephtha Petroleum Argus Estimates	\$191-193 \$217-219 \$110-112 \$171-172	-2.5 -2 +1
Other		+ or -
Gold (per troy oz)  Silver (per troy oz)  Platinum (per troy oz)  Patiedium (per troy oz)	\$414,25 \$56c \$508,15 \$136,75	+5.00 +4 +2.40 -0.50
Aluminium (tree market) Copper (US Producer) Lead (US Producer) Nickel (tree market) Tin (Kuala Lumpur market) Tin (New York) Zinc (US Prime Western)	\$1585 107 <sup>5</sup> g-112c 39.5c 435c 18.45r 320c 73 <sup>5</sup> g c	-30 + ½ -0.04 + 1 + ½
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	111.56p 203.08p 81.05p	-3.04" + 1,11" -4.64"
London daily sugar (rate) London daily sugar (white) Tate and Lyle export price		-1.6 +4.0 -1.5
Barley (English tead) Maize (US No. 3 yellow) Wheat (US Dark Northam)	£116.5 £131 £132	
Rubber (spot)♥ Rubber (Jan)♥ Rubber (Feb)♥ Rubber (KL RSS No 1 Jan)	55.00p 57.50p 58.50p 225.5m	-0.25 -0.25 -0.26 +0.5
Coconut oil (Philippmea)§ Palm Oil (Malaysian)§ Copra (Philippinea)§ Soyabeans (US) Cotton "A" Index	\$440x \$270 \$280 \$174z 77.30c 576o	-5 -1 -0.60
Wooltops (64s Super)	<del></del>	

£ a tonne unless otherwise stated, p-pence/ o-cents/fb. r-ringgit/kg. y-Oct. x-Dec/Jan. t-Jan/ Feb. v-Feb/Mar. w-Feb, z-Jan 1Mest Commis-

	Sep	674	672	674 <b>66</b> 8	
	Dec Mar	697 717	695 712	<b>697 690</b> 71 <b>7 7</b> 10	
1	Turnove	r. 7088 (2	853) lots o	f 10 tonnes	
	price for	r Dec 19 '	737.12 (733	s per tonn L33):10 day	svetade
		20 750.35 E — Lond			2/tonne
		Close	Previous	High/Low	
	Jan	645	847	646 633	
	Mar May	642 657	649 682	645 638 661 647	
	Jul Sep	676 697	682 701	690 666 696 690	
	Nov	714	715	712 709	
	Turnove	r: 6034 (2	691) lots o	5 tonnes ents per pe	
3	DBC 19:	Consp. a	ally 60.91 (	62.25). 15 d	ay aver-
		56 (61.55) — Lande	n BOX	<u> </u>	er tonne)
•	Rew	Close	Previous	High/Low	
•	Mar	300.60	304.20	305.20 300	1.20
•	May Aug	301.00 297.80	304.60 301:00	305.40 301 302.00 298	
	Oct	291.60	294.80	295,40 291	1.40
•	Dec Mar	299.00 277.80	293.00 280.20	268.00 277.00	
: .	White	Close	Previous	High/Low	
	Mar May	373.50 377.50	373.50 377.50	375.00 373 379.50 377	
	Aug	386.00	386.50	386.00 389	5.00
	Oct Dec	380.00 349.50	360.50 350.50	361.50 356 350.50 346	1.00 1.50
•	Mer	349.00	350.50	349.50	
	Turnove White 11	198 (343)		lots of 50	
	Paris- V 2260, Au	White (FF 10 2328, (	r per tonn Sct 2170, D	e): Mar 2 ec 2125, M	228, Mey ar 2138.
•		OfL - F			\$/barrel
		Close		us High/L	
	Feb Mar	19.55 19.07	19.37 18.97	19.70 1 19.23 1	9.46
	Apr	18.70		18.73 1	
•	IPE Inde	x 19.51 r: 7256 (5	19,11		
1	GAS OF		010)		\$/tonne
•		Close	Previous	High/Low	
	Jan	208.75	210.25	215.00 207	.00
•	Feb Mar	194.00 180.00	193.00 179.50	197,50 190 182,00 178	1.00
	Apr May	170.50 1 <del>6</del> 7.00	169.00 164.00	171.25 186 167.00 165	1.00 1.60
•	Jun Jul	162.00 163.00	162.00	162.00 163.00	
			871 Nots of	100 lonner	
	JUTE			· ·	$\neg \neg$
	Januar SWC 9	y/Februar 600. BTD	y candfill	undea BTC \$530; c end	\$800.
	Antwor	P DTC \$5	95, BWC \$6	75, 8TD \$5	15,
	1 0110	J			- 1

3 mont	hs 1594		617-6		1889-90	15			35,9	
Соррег	, Grade A	(£ per ton	ne)				Ring	burno	_	,960 tor
Cash	1488	<b>-8</b> 0 1	515-6	1495/1473	1474,5-6					
mont			515-6	1498/1480	1482-3	14	95-6			58 lots
	per tonn						Ring	g turm	over 5	,525 tor
Cesh	426-8 ha 425-8		33-5 27-8	421/420.5 426/421	420.5-1.0				40.0	
3 mont			21-0	420/421	421.5-2.0	<del></del>	56		_	6 lots
Cash	9275		350-400	9550/9400	9400-600		HON	um	Over 3	,294 ton
3 monti			350-75	8500/8375	8478-500	83	25-76		7,416	icts
Tha (\$ p	er tonne)					-	Aling	turn	over 1	,000 ton
Cash	6850-	40 6	900-20	6940/6930	6920-30				_	
3 mont			025-40	7070/7060	7050-70	70	60-70		8,311	
		h Grade (S	<del></del>			_	Aling	turno	ver 34	,200 ton
Cash 3 mont	1500- he 1351-	·10 1	<del>800-1</del> 0 381-2	1510/1504 1365/1350	1501-3 1355-80	19	51-5		16 24	ig lots
	per tonne						_			150 ton
Cash	1385		480-500	1385	1400-10		Lend	1 100	Jen 0,	150 4/1
3 mont			360-70		1325-30	13	25-35		1,600	lots
	osing £/5									
SPOT:	1.6025		months: 1.57	r8	6 months:	1.5536			S mou	that: 1.53
								-		
POTAT	OES - E	<b>FE</b>		£/tonne	LONDON BE	ILLION		KET		
	Close	Previous	High/Low		Gold (fine oz	\$ price		•	equiv	relent
Apr	209.5	209.0	210.0 209.5		Close	414-414		_	25814-2	
May	235.0	233.8	254,0		Opening	4134-4		2	2-را 57	56 ·
INDIA	er 47 (58)	iots of 40	tornes.	٠,	Morning fix Attention fix	411.50			56.421 57.380	
					Day's high	41412-4		•	201 -4QU	•
POYAL	HAN HE	AL - BFE		Canada	Day's low	411-411	15			-
				_					equiv	alost
	Close	Provious	High/Low		Colus	\$ price	l			
	142.00	Previous 141.50	142.00							
Feb Apr	142.00 141.40	141.50	142.00 141.40	<del></del>	Mapieleef Britannie	423-425 423-425	-	2	64-267 64-267	,
Apr	142.00 141.40		142.00 141.40		Mapieleef Britannia US Eagle	423-425 423-425 423-425		2 2 2	84-287 84-287 84-287	,
Apr	142.00 141.40	141.50	142.00 141.40		Mapielee/ Britannie US Eagle Angel Krugerrand	423-425 423-425		2 2 2 2 2 2 2	64-267 64-267 64-267 64-267 57 1 <sub>2</sub> -2	501 <sub>2</sub>
Apr Turnow	142.00 141,40 er 28 (77)	141.50	142.00 141.40 tonnes.	ex point	Mapleleel Britannie US Eagle Angel Krugerrand New Sov.	423-428 423-428 423-428 423-428 413-417 97-99		2 2 2 2 2 2 8	84-287 84-287 84-287 84-287 57 <sup>1</sup> 2-2 10 <sup>1</sup> 2-61	50½ 12
Apr Turnovi	142.00 141,40 er 28 (77) er Futus Close	141.50 lots of 20 RES - BF Previous	142.00 141.40 tonnes.	ex point	Mapielee/ Britannie US Eagle Angel Krugerrand	423-428 423-428 423-428 423-428 413-417		2 2 2 2 2 8 8	64-267 64-267 64-267 64-267 57 1 <sub>2</sub> -2	12 12 14 15 15 15 15 15 15 15 15 15 15 15 15 15
Apr Turnovi Pfilisei Dec	142.00 141.40 or 26 (77) Close 1501	141.50 lots of 20 RES - BF Previous 1603	142.00 141.40 tormes.	ex point	Mapieleal Britannia US Eagle Angel Krugerrand New Sov, Old Sov. Noble Plat	423-425 423-426 423-426 413-417 97-99 97-90 514-25-	522.40	2 2 2 2 8 8 8	64-267 64-267 64-267 64-267 57 <sup>1</sup> 2-2 0 <sup>1</sup> 2-61 0 <sup>1</sup> 2-61 20-80-3	50 <sup>1</sup> 2 <sup>1</sup> 2 <sup>1</sup> 2 325.70
Apr Turnovi Pittiggi Dec Jan Apr	142.00 141.40 er 28 (77) fT FUTU Close 1601 1841 1880	141.50 lots of 20 lots of 20 Previous 1603 1848 1868	142.00 141.40 torines. \$10/ind High/Low 1646 1632 1685 1651	ex point	Mapleleef Britannia US Eagle Angel Krugerrand New Sov, Old Sov, Noble Plat	423-425 423-425 423-425 413-417 97-98 97-90 514-25-	522.40	2 2 2 2 8 8 8	64-267 64-267 64-267 64-267 57 <sup>1</sup> 2-2 0 <sup>1</sup> 2-61 0 <sup>1</sup> 2-61 20-60-3	50 <sup>1</sup> 2 <sup>1</sup> 2 <sup>1</sup> 2 325.70
Apr Turnovi Pititiga Dec Jan Apr	142.00 141.40 er 28 (??) fT FUTU Closs 1601 1641 1880 1402	141.50 lots of 20 lots of 20 Previous 1603 1648 1608 1406	142.00 141.40 torines. E \$10/inde High/Low		Mapleteel Britannia US Eagle Angel Krugerrand New Sov, Old Sov, Noble Plat Silver Ex Spot	423-425 423-424 423-424 423-424 413-417 97-99 97-99 514-25- p/fine 4	522.40	2 2 2 2 8 8 9	64-267 64-267 64-267 64-267 57 <sup>1</sup> 2-2 0 <sup>1</sup> 2-61 0 <sup>1</sup> 2-61 20-60:	50 <sup>1</sup> 2 <sup>1</sup> 2 <sup>1</sup> 2 325.70
Apr Turnow Pititigs Dec Jun Apr	142.00 141.40 er 28 (77) fT FUTU Close 1601 1841 1880	141.50 lots of 20 lots of 20 Previous 1603 1848 1868	142.00 141.40 torines. \$10/ind High/Low 1646 1632 1685 1651		Mapieleel Britannia US Eagle Angel Angel Krugerrand Merer Sov. Noble Plat Silver Ex Spot 3 months 6 months	423-424 423-424 423-424 413-417 97-99 97-90 514-25- p/fine 6 348-40 359-00 371.96	522.40	2 2 2 2 2 2 3 6 6 8 5 5 5 5	64-267 64-267 64-267 64-267 157 1 <sub>2</sub> -2 101 <sub>2</sub> -61 101 <sub>2</sub> -61 20-60-1 18 cts 65.75 67.15 78.50	50 <sup>1</sup> 2 <sup>1</sup> 2 <sup>1</sup> 2 325.70
Apr Turnove Dec Jan Jan Jost BFT	142.00 141.40 sr 28 (77) ft FUTUR Closs 1801 1841 1880 1402 1515	141.50 lots of 20 Previous 1603 1648 1408 1408 1523 1603	142.00 141.40 torines. \$10/ind High/Low 1646 1632 1685 1651		Mapieleel Britannia US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Sever Ex Sover Ex Sover Ex	423-425 423-426 423-426 423-426 413-417 97-99 97-90 514-25- p/fine 6	522.40	2 2 2 2 2 2 3 6 6 8 5 5 5 5	84-267 84-267 84-267 84-267 157 1 <sub>2</sub> -2 101 <sub>2</sub> -61 101 <sub>2</sub> -61 20-80 18 cts 65.78 67.15	50 <sup>1</sup> 2 <sup>1</sup> 2 <sup>1</sup> 2 325.70
Apr Turnovi Piticida Dec Jan Apr Jul Oct	142.00 141.40 8r 28 (77) 8T FUTUR Close 1801 1841 1880 1402 1515 1586	141.50 lots of 20 Previous 1603 1648 1408 1408 1523 1603	142.00 141.40 torines. \$10/ind High/Low 1646 1632 1685 1651		Mapieleel Britannia US Eagle Angel Angel Krugerrand Merer Sov. Noble Plat Silver Ex Spot 3 months 6 months	423-424 423-424 423-424 423-425 423-425 97-90 514-25- 248-40 358-00 371-96 396.75	522.40	2 2 2 2 2 2 3 6 6 8 5 5 5 5	64-267 64-267 64-267 64-267 157 1 <sub>2</sub> -2 101 <sub>2</sub> -61 101 <sub>2</sub> -61 20-60-1 18 cts 65.75 67.15 78.50	50 <sup>1</sup> 2 <sup>1</sup> 2 <sup>1</sup> 2 325.70
Apr Turnow Pittings Dec Jun Apr Jun Oct Biri Turnovs	142.00 141.40 8r 28 (77) 8T FUTUR Close 1801 1841 1880 1402 1515 1586	141.50 lots of 20 Previous 1603 1648 1408 1408 1523 1603	142,00 141,40 torines. I \$10/Ind High/Low 1648 1632 1695 1651 1400		Mapleteef Britannie US Eagte Angel Krugerrand New Sov. Old Sov. Noble Plat Silver fix Spot a months 12 months	423-424 423-423 423-423 423-423 423-423 423-423 97-99 514-25- 9/fine ( 346.40 359.00 371.95 396.75	522.40	22 22 22 22 23 25 25 25 25 25 25 25 25 25 25 25 25 25	94-287 94-287 94-287 94-287 91-2-61 01 <sub>2</sub> -61 01 <sub>2</sub> -61 20-80 18 cts 65.75 67.15 78.50 91.40	50 <sup>1</sup> 2 <sup>1</sup> 2 <sup>1</sup> 2 325.70
Apr Turnow Pittings Dec Jun Apr Jun Oct Biri Turnovs	142.00 141.40 or 28 (77) fft Furtual Close 1801 1841 1880 1402 1515 1886 or 161 (80)	141.50 lots of 20 Previous 1603 1648 1408 1408 1523 1603	142,00 141,40 torines. I \$10/Ind High/Low 1648 1632 1695 1651 1400		Mapleleef Britannie US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Sever & Spot 5 months 12 months 12 months 17 months	423-424 423-423 423-424 423-425 423-425 97-99 97-99 514-25- 97-90 348-40 359.00 371-95 396.75 10008	S22.40	2 2 2 2 8 8 9 9 5 5 6	84-267 84-267 84-267 84-267 84-267 81-261 01 <sub>2</sub> -81 01 <sub>2</sub> -81	201 <sub>2</sub> 1 <sub>2</sub> 1 <sub>2</sub> 325.70 equiv
Apr Turnovi Pitisids Pitisids Jan Apr Jan Apr Jan Oct Bifi Turnovi Bifi Turnovi Bifi Turnovi	142,00 141,40 or 28 (77) Close 1901 1941 1980 1402 1402 1402 1403 1515 1886 or 161 (59)	141.50 lots of 20 lots of 20 Previous 1603 1648 1698 1408 1523 1603	142.00 141.40 tormes. <b>E</b> \$10/inds High/Low 1648 1632 1695 1651 1400 High/Low 112.90 112.4	£/tonne	Mapleleef Britannie USE Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Sever & Spot 6 months 12 months TRADED GPT	423-424 423-423 423-423 423-424 423-425 97-99 97-99 514.25- p/fine ( 348.40 359.00 371.96 396.75	622.40 3z	2 2 2 2 8 8 9 9 5 5 6 6	94-287 94-287 94-287 94-287 91-2-61 01 <sub>2</sub> -61 01 <sub>2</sub> -61 20-80 18 cts 65.75 67.15 78.50 91.40	201 <sub>2</sub> 1 <sub>2</sub>
Apr Turnovi Turnovi Dec Jan Apr Jed Oct BFI Turnovs  GRIAINS	142.00 141.40 or 28 (77) 417 FUTUR Close 1801 1841 1880 1402 1515 1586 or 161 (89) 8 — EFFE 112.60 1142.90 1142.90 1143.95	141.50 lots of 20 Previous 1603 1848 1603 1523 1603 Previous	142,00 141,40 torines. I \$107ind High/Low 1648 1632 1665 1651 1400 High/Low 112,90 112,4 116,80 116,4	E/tonne	Mapleleef Britannie US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver Ex Spot 5 months 12 months 12 months TRADIO OPT Aluminium (S Strike price \$ 1500 1500	423-424 423-424 423-424 423-425 413-417 97-99 514-25 p/fine ( 348-40 359.00 371.96 396.75	Ca   Ca   Ca   Ca	2 2 2 2 2 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	84-287 84-287 84-287 84-287 857-2-61 012-61 012-61 012-61 012-61 012-61 012-61 012-61 012-61 012-61 012-61 012-61 012-61 012-61	201 <sub>2</sub> 1 <sub>2</sub>
Apr Turnovi Dec Jun Apr Jun Oct SiFI Turnovi Wheet Mar Mar Mar Mar	142,00 141,40 or 28 (77) 17 FUTUA 1501 1601 1601 1615 1515 1596 or 161 (59) 3 — BPR Close 112,60 118,60 118,60	141.50 lots of 20 lots of 20 Previous 1603 1848 1898 1523 1603 Previous 112.90 176.60	142.00 141.40 tormes. <b>E</b> \$10/inds High/Low 1648 1632 1695 1651 1400 High/Low 112.90 112.4	E/tonne	Mapleleef Britannie US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Streer Ex Spot 5 months 12 months TRADED GPT Alternichem (8: Strike price \$ 1500 1500 1700	423-424 423-424 423-424 423-425 413-417 97-98 97-96 514-25- p/fine ( 359.00 371.95 396.75 10088	Ga Ca	2 2 2 2 2 2 2 2 2 2 2 2 2 3 3 3 3 4 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1	64-267 64-267 64-267 64-267 64-267 57 1 <sub>2</sub> -61 01	Puts  Nar  114  114
Apr Turnovi Dec Jun Apr Jun Oct Turnovi SRAJN: Wheat Jen War Jun Sap Jun	142.00 141.40 or 28 (77) 417 FUTUR Close 1801 1841 1880 1412 1515 1586 or 161 (89) 8 — BFFR Close 112.60 114.80 118.95	141.50 lots of 20 lots of 20 Previous 1603 1603 1406 1523 1603 112.90 113.60 120.20	142,00 141,40 141,40 torines. <b>8</b> \$10/inds High/Low 1648 1632 1695 1651 1400 High/Low 112,90 112,4 116,80 116,3	E/tonne	Mapleleef Britannie US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Sever & Spot 6 months 12 months 17 months 18 months 18 months 18 months 18 months 18 months 19 months	423-424 423-424 423-424 423-424 413-417 97-98 97-99 514-25- 246-40 359.00 371-95 396.75	Ce Ca	2 2 2 2 2 2 2 2 8 8 8 8 8 8 8 8 8 8 8 8	84-267 84-267 84-267 84-267 157-12-61 10-12-81 120-60 11-81 120-60 11-81 120-60 11-81 11-8	Puts  Mar  114  Puts
Apr Turnovi Dec Jun Apr Jun Oct Turnovi SRAJN: Wheat Jen War Jun Sap Jun	142.00 141.40 or 28 (77) 417 FUTUR Close 1801 1641 1680 1402 1515 1886 or 161 (80) 8 — BEPS 112.60 118.95 121.60 119.95 121.60	141.50 lots of 20 lots of 20 Previous 1603 1698 1406 1523 1603 112.90 118.60 120.20 121.55 106.25	142,00 141,40 141,40 torines. <b>8</b> \$10/inds High/Low 1648 1632 1695 1651 1400 High/Low 112,90 112,4 116,80 116,3	E/tonne	Mapleleef Britannia US Eagle Angel Krugerrand New Sov, Cid Sov, Noble Plat Silver By Spot 3 months 6 months 12 months TRABBO CPT Alternishum (SI Strike price \$ 1500 1600 1600 Copper (Grad	423-424 423-424 423-424 423-423 413-411 97-99 514-25- 25-20 359.00 371.96 371.96 371.96 371.96 371.96	Ce Can	2 2 2 2 2 2 2 2 2 2 8 8 8 8 6 6 6 6 6 6	84-267 84-267 84-267 84-267 157 1 <sub>2</sub> -2 01 <sub>2</sub> -61 01 <sub>2</sub> -61 120-60 13 cts 67.15 78.60 71.40	Puts  Mer  11  46 114  Puts  66
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Apr Turnove Jun Apr Ju	142.00 141.40 or 28 (77) 417 FUTUR Close 1801 1641 1680 1402 1515 1886 or 161 (80) 8 — BEPS 112.60 118.95 121.60 119.95 121.60	141.50 lots of 20 lots	142,00 141,40 141,40 torines. I \$10/Ind High/Low 1648 1632 1665 1651 1400 High/Low 112,90 112,1 120,00 118,1 121,50 121,1	E/tonne	Mapleleef Britannie US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver Ex Spot 3 months 6 months 12 months 12 months TRADIES CPT Alumichem (SI Strike price \$ 1500 1600 1700 Copper (Grad 2500 2500	423-424 423-423 423-423 423-423 423-423 423-423 97-99 514-25- p/fine ( 348-40 371-96 371-96 396.75 10008 0.775) tonne (	Ce C	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	64-267 84-267 84-267 84-267 84-267 87-2-61 07-30 85 cts 65.75 67.15 77.80 77.80 77.80 77.80 77.80	201 <sub>2</sub> 1 <sub>2</sub> 1 <sub>2</sub> 1 <sub>2</sub> 1 <sub>2</sub> 1 <sub>2</sub> 225.70 equiv Puts 114 Puts 65 116 181
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AYDE		,000 bu min;		
	Ciose	Previous	High/Lov	
Jen Mer	578/4 593/0	580/6 594/6	582/0 595/4	578/0 592/0
May	605/4	608/0	608/0	605/0
Jul .	614/4	616/6	617/4	B14/2
Aug	616/4 615/0	619/0	618/4	616/4
Sep Nov	619/4	615/6 619/6	616/0 620/4	613/4 618/0
Jan	629/0	<u>629/4</u>	629/4	625/0
SOYA	SEAN OIL	. 60,000 lbs;	cents/ib	
	Close	Previous	High/Lov	
len	19.09	19.26	19.35	19.09
Mar	19.58 19.98	19.72	19.78	19.56
May kd	20.22	20.10 20.34	20.15 20.40	19.98 20.20
Aog	20.25	20.36	20.35	20.25
Sep	20.25	20.37	20.39	20,25
Oct Doc	20.29 19.12	20.37 19.22	20.28 19.20	20.30 19.08
		AL 100 tons		
	Close	Previous	High/Low	
lan	183.9	183.9	184.5	183.2
Vlar Vlay	182.6 182.9	183.4 183.5	183.9 183.5	182.2 182.1
lui,	183.9	184.5	184.0	183.1
₩g.	184.2	185.0	184.6	183.5
Sep Oct	184.9 184.7	185.5 185.0	185.5 185.5	184,0 184,5
Dec	188.7	185-6	190.0	185.5
	5,000 bu	mitr, center	561b bush	el .
	Close	Previous	High/Low	,
der 1	238/8	239/2	239/2	238/4
day Nd	243/4 247/2	244/0 247/6	244/0 247/6	243/2 247/0
Sep	248/9	247/0	247/4	248/0
Jec Kar	233/4	234/4	234/4	233/0 251/4
var Var	253/4 252/4	252/4 252/6	263/4 253/0	252/0
Pitor	CES			
REUT	ERS (Be	se: Septemb	er 18 1931	<b>= 100)</b>
_	Dec 1		math ag	
	1807.8		1852.8	1919,0
DOM	JONES (	Bass: Dec. :	11 1974 =	100)
	Dec 1	Dec 15	muth sộ	ут адо

	NT 5,007 b	u min; çent	r/60lb-bush	el	LIVE	HOGS 30,	000 lb; cent	L/lbs	•
	Close	Previous	High/Low			Çiose	Previous	High/Low	
Mar	414/2	412/0	414/4	409/6	Dec	53.45	53.45	53,47	52.95
May	391/2	368/4	391/4	367/2	Feb	49,97	49.70	50.00	49.30
أناث	361/2	360/0	351/4	368/4	Apr	45,85	45.67	45.90	45.30
Sep	366/2	384/4	366/4	384/0	,him	40.05	49.07	49.10	48.60
Dec	411/0	415/0	418/8	410/4	أتاث	49,15	49.27	49.25	48.95
Dec:	375/G	376/4	376/4	374/0	Aug	48.05	48.05	48.05	47.75
					Oct	49.90	43.90	44.00	43.70
			_		Dec	45.82	45.90	45.82	45.70
LIVE	CATTLE 4	0,000 lbs; c	ents/ibe		PORK	BELLIES	40,000 lbs;	oents/lb	
	Close	Previous	High/Low			Close	Previous	High/Low	
Dec	78.92	78.27	78.95	78.20	Feb	51.60	52.07	52.20	61.20
Feb	76.62	75.97	76.65	75.70	Mar	51.32	51.75	51.72	50.80
Арг	74.87	74.55	74.90	74.20	May	51.67	52 20	52.15	61.60
Jun .	71.65	71.72	71.20	71.20	Jul -	51.57	51.90	52.10	51,40
	71.32	70.65	71.35	70.50	Aug	49.80	49.96	50.20	49.60
AUg '				70 70	Feb	53.02	53.02		
	71.60 71.80	70.82 0	71.50 71.80	70.70 .	ren	22.44	88342	58,50	83.00

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### LONDON STOCK EXCHANGE

## Wall Street news upsets UK equities

equity market to rally from an early depression caused almost entirely by Wall Street's overnight performance was demol-ished later in the day when the another downward slide, taking London with it.

Section 188

A SEC YEAR PARE

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There was considerable surprise and some dismay in London at the outset of trading yesterday when share prices were sharply lower in response to the 42-point slide in the Dow-Jones Average. The Dow mirrored big selling of shares in US banks which were said to be highly exposed to property

But London dealers said the

early markdown of prices failed to trigger any substan-tial selling and the market embarked on assistained rally which brought the FT-SE 100-share index back almost level before a general lack of interest triggered another small Prices thereafter marked

Street. The latter promptly moved lower, showing a 30 point fall at one time before steadying, and then rallying. But the early fall wrought plenty of damage in a rather fragile London market which dipped off to its lowest point an hour or so before the close

prior to edging off the bottom.

The FT-SE index was estimated by dealers to have been down around fifteen points before the official opening, and at its best was down 1.3 at 2,357.2 in mid-morning. The afternoon session saw it down 19.8 at 2,338.7 before a close of 2,342.1, a net decline of 16.4. One feature of the day was a sharp increase in bed and breakfast activity as the year end looms. Among a host of sizeable individual trades showing up on the Seaq ticker & Commonwealth, trades of 5.6m and 8.4m in Next, 3.7m Bunzl and trades of 2.7m and 25m in Storehouse.

There was again no shortage of takeover speculation but unlike Monday there was a dis-tinct shortage of actual bid news. UK Paper shares, one of Monday's best performers after the Fletcher Challenge bid and market raid, fell back as Metsa-Seria, the original bidder, withdrew. This left the field clear for the New Zealand com-

ness price is driven by events

in France - the company

owns 24 per cent of the French

luxury goods group LVMH, which has only 12 per cent of

Guinness. Both companies have said they want the crossholding to be symmetrical, which dealers take to mean at 24 per cent. Most observers

agree that any buying of Guinness shares by LVMH would

not start until after the settlement of a long-running legal

dispute over the ownership of a block of LVMH shares.

in full year profits to £52m from Greenall Whitley only

confirmed the dim view taken

by investors of second line brewers. The shares fell 15 to

343p. The producers of last week's disappointing profits figures in the same sector,

Wolverhampton & Dudley and Devenish, continued to slide.

They fell 6 to 432p and 4 to

282p respectively.
The revelation that Anglia

TV was acquiring another 9.07 per cent of Chiltern Radio, tak-

ing its stake to 18.3 per cent pushed the latter's shares 15 better to 235p. Anglia slipped 2

USM-quoted Crown Communications fell 10 to 264p after the company sold stakes in two local radio franchise operators, Broadlands and Suffolk, to

magazine publisher Emap (unchanged at 235p).

The family of Mr Roger De Haan, the chairman of Saga, the tour operator for the elderly, said it had made an

board which, subject to financ-

ing, could lead to an offer of

around 300p per share for the 37 per cent of Saga not already

ach to the company's

A 10.6 per cent improvement

up more stock in the market. The water stocks, after their outstanding performances trig-gered by the stakebuilding by Lyonnaise des Eaux, encountered a flurry of selling by pri-vate individuals anxious to reap some of the big profits

avaliable in the stocks. Dealers said many investors had received their interim share certificates and that, when the rest were delivered, more big selling could be on the cards. Elsewhere, there was keen interest and big turnover in ASDA, the food manufacturer and retailer, which attracted big traded options business, and in Smith & Nephew. institutional shareholder about the recent trading performance, while its much larger

rival WPP slipped 14 to 663p on fears that a long standing client of Ogilvy & Mather, acquired earlier this year, was reviewing its £10m a year con-

Christie International edged up to 285p as the market greeted its annual figures with were £675m an increase of 70 sales were 49 per cent better than last year. The figures were slightly ahead of expecta-tions although, as Mr Mark Sheppard research analyst at UBS Phillips & Drew, pointed out, Christie's sales figures are

British Aerospace fell 11 to 562p in profit taking and T & N was similarly affected, dropping dropped 8 to 206p.

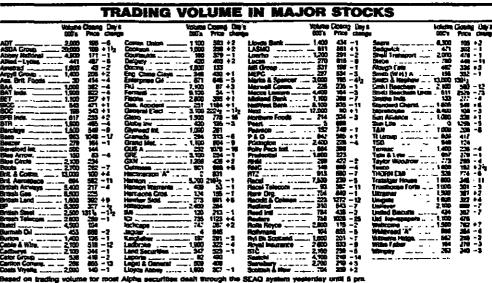
Furniture-maker Delaney Group eased in early trading following a profits warning but bounced back to close a penny better on balance at 27p. Braithwaite climbed 4 to 299p following the announcement of a 44 per cent rise in interim profits to a record £2.62m.

Business was brisk in Smith and Nephew with 13m sbares traded. There was nothing sus-picious, said one market watcher, the companies shares had lagged the market in

NFC went better early on following the announcement of its annual figures. But after a second look the market decided that, taking out the loss elimination and pensions contribu-tions, the figures were not much better than the £90m it had been expecting and the shares closed 5 down at 255p.

164.7 (17/2) 1782.8 2443.4 968.9 (3/1) (18/7/87) (23/7/84) Ord. Div. Yield Bests 100 Cost. Secs 15/19/26, Fluid oil, 1976. Earning Yld %(full) P/E Ratio(Net)(12) 11.15 10.86 11.19 10.82 11.05 10.93 11 01 10.99 10.79 GILT EDGED ACTIVITY 32,978 1085.64 38,663 464.4 39,212 1187,58 45,712 500.9 32,224 Equity Bargainst Shares Traded (ml)t Day's High 1863.2 Day's Low 1849.2 Ordinary Share Index, Hourly of \*SE Activity 1974 1Excluding intro-marks Day's High 2357.2 Day's Low 2338.7 1 p.m. 2 p.m. 2355.4 2356.1 3 p.m. 4 p.m. 2350.5 2340.8 TRADING VOLUME IN MAJOR STOCKS

FINANCIAL TIMES STOCK INDICES



Laird Group bucked the market and continued its steady rise with a climb 5 to 241p. One market watcher reported growing talk of a bid. this time suspicion pointing at Continental, a West German maker of tyres. A large part of Laird's business is German made seals. Old favourites BTR was also mentioned as possible

hidders. BTR was also linked with FKI which traded strongly with 7.1m shares changing hands. The price rose 3 to 87p. Some in the market said that BTR was building a stake; oth-ers said that one marketmaker was short of stock following a programme trade on Monday. One analyst said the most plausible explanation was that FKI is fundamentally cheap

Another said that there had been strong two-way trade for a while, some investors had decided that a p/e of just over five was a "bit tough for even a relatively unattractive com-pany." He said he expected the FKI price to get nearer to a pound. Amid the swirl of spec-ulation BTR closed 4 lower at

Cable and Wireless were down 12 to 518p. The fall was sparked by ADR selling in New York overnight after which arbitrageurs moved in to exploit the price difference and sell in London. The shares were pushed down further in the afternoon by the weakness of Wall Street.

Trebled profits and an announcement by the company that it was in talks with a proLand 17p to 206p.

The bid talked helped revive takeover speculation which has surrounded London Edinburgh, which rose 7 to 166p. and Rosehaugh which climbed 6 to 472p.

The market had expected an announcement by British Land, ahead of its EGM on Thursday to approve a pro-posed restructuring. One ana-lyst said that he took the silence to mean that British Land planned a revised proposal which would win over institutional shareholders. The shares rose 9 to 392p.

Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 21

### Two-way trade in Asda

A strong two-way pull developed in Asda taking turn-over in the stock to among the highest in the market. Activity began in the traded options market where Asda led the list of actives for the entire day's trade. The business soon spilled into the underlying equity where volume swelled to 20m shares by the close, including a single block of 6.6m shares. Traded option contracts for the equivalent of another 1.5m shares were exchanged. The shares firmed

Traders' initial suspicions were that the Canadian Belzberg brothers were topping up their stake of more than 5 per cent, or that a third party was buying at an average price far below that paid by the Belz-bergs. But some preferred a more presalc explanation, saying that sellers were a combination of other traders, who had built up long books over the months of speculative interest in the company, and cautious institutions switching into stocks whose price was more easily pastified on funda-mentals. The buyers, they said, were a range of arbitrageurs and other short-term holders: working on the view that Asda's was an attractive company going through tough

#### Water sellers

As share certificates in the water companies started drop-ping on the doormats of pri-vate investors, yesterday so turnovers jumped and the prices fall of value (and the The two shares with the biggest premiums to the issue price dropped furthest. North-umbrism fell 14 to 147p on 2.1m shares traded and Anglian 13 to 148p on 11m. Both had started the day at 161p. North West dropped 9 to 146p on 10m, Severn Trent 9 to 134p on 14m, Southern 7 to 144 on 4.4m, Thames 4% to 143%p on 12m. Thames 4½ to 143½p on 12m, Welsh 10 to 142p on 4.2m and Wessex 8 to 162p on 5.2m). South West, on 4.5m, was the most resilient and closed unchanged at 155p. The Package Unit fell 65 to 1443p.

The certificates were posted on Monday and Schröders, which handled for flotation of the water stock for the Govern-

the water stock for the Government, said 95 per cent of certificates would be delivered by today. One marketmaker said retail sales could double today. "The premium is so good that they want the money in their pockets by Christmas," he said but added that the institutions

were still underweight and that there had been some arbitraging by marketmakers between book positions and the package unit.

Dr Angela Whelan, water analyst at BZW, said that many of the institutions which were still underweight had indicated yesterday morning they thought prices were too high. She said, some might buy if the price fell as a result of retail selling. Others, she said, were prepared to wait a couple of weeks until share prices were less driven by technical considerations.

One analyst identified four water issues he said would fall

furthest: Northumbrian and South West, because they had the lowest proportion of appli-cants for preference shares, and Anglian and Thames, because their customers were more financially sophisticated. Wall Street's weakness took its toll on several internationally quoted stocks, particularly those traded mostly in New York. Reuters fell 25 to 1028p, Blue Arrow lost 5 to 83p, Unilever shed 7 to 699p and Glaxo closed 16 cheaper at 778p. Another victim was the Saatchi & Saatchi share price, 14 off at 249p with volume swollen by what dealers assumed to be bed and break-

fast deals, to 4.1m shares. One exception to the weak-ness of international stocks. jumped 30 at one point on vague stories of a cure for Aids combining the company's Aids treatment, Retrovir, with a hone marrow transplant. But trading quickly calmed down and the shares closed just 7 up on the day at 762p, still a record closing high.

NatWest Bank was the most active of the clearing banks because it was seen as most exposed to the US property market where jitters had undermined Wall Street over-aight. NatWest fall 11 to 335p on strong turnover of 5.1m.

The oil and gas sector was caught in a two-way pull, with

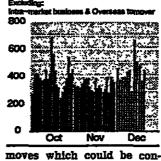
balls pointing to yet another bout of strength in crude oil prices - ahead of what weather forecasters in the US say is another wave of cold weather due to sweep across the US – and bears highlighting the Monopolies & Mergers Commission report into petrol retailing which is expected to go to the Department of Trade

and Industry today.

Some analysts reckon that
the report, which can be published any time after it has gone to the DTI, would contain

# FT-A Ali-Share index

Equity Shares Traded Turnover by volume (million)



strued as being against the oil companies' interests, but that their impact on profitability would be small. BZW suggested that the report may commend that oil companies be prevented from increasing the number of service stations they control, that price support mechanisms by the companies be checked and that a regulatory body be set up. BZW said the report may have a short term impact on share prices of

the majors. BP settled 1% easier at 326p on turnover of 5m shares, while Shell dipped 2 to 475p on 1.9m. Burmah, a strong per-former in recent months after a stake-building by SHV, the privately-owned Dutch group,

privately-owned Dutch group, eased 2 to 688p ahead of a presentation to analysis hosted by Hoare Govett.

Sovereign Oil held at 204p after amouncing its third gas discovery in the North Sea this year. The latest find came from the first exploration well drilled on Block 495b. led on Block 49/9b. Overnight weakness in Wall Street hurt Bass, reviving

apprehension over the extent to which the company's Holiday Inns acquisition would dilute earnings. Bass slipped to 1038p before recovering by the close to 1048p, still 17 down. Buying of Guinness in Monday's programme trades left some dealers short of the stock yesterday. The shares rose 6 to 666p, one of the day's best performances among FTSE stocks. Analysis added that the Guin-

**NEW HIGHS AND LOWS FOR 1989** 

**APPOINTMENTS** 

MEW 19CHS (50).
BRITISH FUNDS (5) AMERICANS (1)
BREWERS (1) STORES (1) ELECTRICALS
(2) MOUSTRIALS (1) BOURGE INC.
BREWRANCE (2) FAPERS (1) PROPERTY
(2) SOUTH AFFICANS (1) TRANSPORT (1)
TRUSTS (7) OLLS (1) MINES (6). NEW LOWS (87).

(1) BUILDINGS (4) CHEMICALS (1) STORES (8) ELECTRICALS (13) ENGREERING (2) POODS (1) HOUSTRALS (8) BENON GROUP Bridgori-C. Charter Core., Chesterguis Grp., Dalamey, London Finance & Irve., NIMG Grp., Radiant Metal, Scot. Horitable Tot., RestRAMCE (1) NOTORS (7) PROPERTY (3) SOUTH AFRICANS (1) TEXTE ES (1) TRUSTS (2) NAMES (2) THERD MARKET (5).

owned by the De Haan family interests. Saga jumped 66 to 293p.
The battle for UK Paper, which some in the market had felt would be protracted, ended abruptly when one of the two bidders for the company, Metsä-Serla of Finland, said it would allow its offer to lapse. UK Paper fell quickly in hectic

trading to close 12 down at 367p on turnover of 37m Fletcher Challenge, the New Zealand based forest products group, claimed to have secured control of 51 per cent of UK Paper by 11am yesterday. Some in the market were claiming a record of 33 hours from agreeing a bid price for a company to securing control. The buying was conducted by BZW. Metsä-Serla had offered 330p

and Fletcher 375p. The difference between Fletcher's offer price and last night's closing price is a result of the dealers price is a result of the dealers spread (the closing price is a mid-price) and the time value of money (those accepting the offer will have to wait for their

Advertising agency Yellow-hammer fell 10 to 71 as dealers said the company was briefing

### FT LAW REPORTS

## No duty owed to husband on sale of wife's property

PARKER-TWEEDALE v DUNBAR BANK PLC AND OTHERS
Court of Appeal (Lord Justice
Purchas, Lord Justice Nourse
and Sir Michael Kerr): December 14 1989

A MORTGAGEE, when exercising its power of sale over mortgaged property, owes no duty to the holder of a beneficial interest in the property to take reasonable care to obtain a proper price.

The Court of Appeal so held when dismissing an appeal by the plaintiff husband, Mr Barry James Parker-Tweedale, from Mr Justice Peter Gibson's deci-sion that the first defendant, Dunbar Bank plc, owed him no duty to take reasonable care to obtain a proper price on the sale of his wife's property. The second defendant was the pur-chaser, Penbrook Land Ltd, and the third defendant was Mrs Annabel Theresa Parker-Tweedale, the plaintiff's former

LORD JUSTICE NOURSE said that the husband and wife were married in 1973 and had two children. In September 1985 they completed the purchase in the wife's name, of Ditchford Hill Farm in Gloucestershire. The price was £248,000. The wife was sole legal owner.
The purchase was made with

the aid of borrowings from Dunbar, in whose favour the wife executed legal charges. Each charge provided that the statutory power of sale should immediately be exercisable at any time after moneys owing became payable.

On September 3 1985 the husband executed a statutory dec-laration that he occupied Ditchford as licensee under a licence determinable at will. The effect was to deprive him of any right which he might otherwise have to remain in

possession as against Dunbar. In early 1985 the husband and wife moved to Ditchford. In mid-February he was knocked down by a car and seriously injured. The accident marked the start of a progressive decline in his finances.

By the beginning of October 1985 the borrowings secured on Ditchford had reached some £164,000 and Dunbar's loan facility was increased to

£180,000. At about the same time the husband and wife agreed to separate. It was arranged that the wife should purchase in her own name Wilkes Farm near Stratford on Avon for £130,000, as a home

for herself and the children. The Wilkes purchase was completed in April 1986 partly with £72,500 borrowed from Dunbar and secured on Wilkes, partly with £55,000 borrowed from the Co-operative Bank and secured by second mort-gage on Ditchford. The balance

was paid by the husband.

By the end of August 1986
the husband had failed to pay
the interest due to Dunbar on the moneys secured on Ditchford. Dunbar obtained a County Court order for possession. On May 27 1988 Dunbar as mortgagee, with the approval of the wife as mortgager, sold Ditchford to Penbrook for £575,000.

On June 2 Penbrook agreed to sell all of Ditchford, except for a five and a half acre wood to another company called Cotswold Counties Development. Contracts were exchanged between Penbrook and Cotswold on June 27. However, by that time the husband had issued the writ in the present action claiming that Dunbar did not take reasonable care to obtain a proper price. On June 23, before the exchange of contracts, he regis-tered a pending action in the

and charges registry. Consequently Dunbar was unable to complete its sale to Penbrook, and Penbrook was unable to give good title to Cotswold. By agreement Cotswold and Pen-brook rescinded their contract. Mr Justice Peter Gibson concluded that although the property remained in the wife's ownership until sale, once it was sold the husband was entitled to the net proceeds after discharge of the Ditchford and

Wilkes mortgages.
He therefore held that on May 27 1988 the husband had an interest which would arise on sale of Ditchford in the surplus proceeds of sale, and that the wife was accordingly trustee of Ditchford, the hus-band being a beneficiary under such trust.

None of that was disputed on the present appeal.

The husband submitted that had notice, an independent duty to take reasonable care to obtain a proper price over and above the duty owed to the

above the duty owed to the wife as mortgagor.

It was settled in Cuckmere Brick v Mutual Finance [1971] Ch 949 that a mortgagee, although he might exercise his power of sale at any time of his own choice, owed the mortgagor a duty to take reasonable care to obtain a proper price for the mortgaged prop-

erty at that time. But there was no support in the authorities or in principle, for the proposition that where the mortgager was a trustee of the mortgaged property, a like duty was owed to a beneficiary

under the trust, of whose interest the mortgagee had notice.
The husband relied on Cuckmere Brick where Lord Justice Salmon said that the proximity between motigagor and mort-gagee "could scarcely be closer. Surely they are 'neigh-bours." He said "it would be strange indeed" if the mortgagee were under no legal obli-gation to take reasonable care to obtain the true market

hat reference to "neigh-bours" enabled the hus-band to argue that the duty was owed to all those within the neighbourhood principle; ie to all persons who were so closely and directly affected by the sale that the mortgagee ought reasonably to have them in contemplation as being so affected when directing his mind to the sale.

Support for the application of the neighbourhood principle was obtained from the judg-ment of Lord Denning MR in Standard Chartered Bank v Walker [1982] 1 WLR 1410, 1415. There it was held that the duty to take reasonable care to obtain a proper price was owed to a surety for the mortgage debt as well as to the mortgagor himself.

It was unnecessary and con-fusing for the duties owed by a mortgagee to the mortgagor and the surety, if there was one, to be expressed in terms of the tort of negligence. The authorities demonstrated that the duty owed by the mortgagee to the mortgagor was recognised by equity as arising out of the particular relation-Dunbar, in exercising its power of sale, owed him, as beneficiary under a trust of which it same way (see China and

South Sea Bank v Tan November 13 1989, PC).

Once it was recognised that the duty owed by the mort-gages to the mortgagor arose out of the particular relationship between them, it was readily apparent that there was no warrant for extending its scope so as to include a beneficiary under a trust of which the mortgagor was trustee.

The husband reached a settlement with the wife before the trial began. That meant he could no longer pursue against her his claim that she had consented to the sale in breach of trust to him.

But the argument had pro-ceeded on the footing that, if there were a breach of trust, the husband's settlement with the wife did not preclude him from suing Dunbar in right of the trust and in the place of the wife.

Accordingly, the question which Mr Justice Peter Gibson ultimately had to ask himself was whether there was a breach of trust by the wife in giving her consent to the sale. He concluded that her hon-est and well-intentioned deci-

sion to go ahead with the sale to Penbrook was a rational commercial decision made in the reasonable belief that she was ensuring the property was sold at the best price, and that £575,000 was a proper price.

The judge accordingly held that as the husband had no cause of action against Dunbar as beneficiary, so he had no such cause of action in right of the trust. The essential basis of that

holding, namely the finding that £575,000 was a proper price, would also have defeated the claim based on a duty owed directly by Dunbar to the hus-band, had such a duty existed.

The appeal was dismissed. Lord Justice Purchas and Sir Michael Kerr gave concurring

For Dunbar: Timothy Lloyd QC and Stephen Acton (Clintons)
For Penbrook: Henry Summerfield (Philip Ross & Co) For the wife: Maurice Kay QC and Steven Whitaker (Bal-

Mr Parker-Tweedale in person

Rachel Davies

### Company secretary of BICC

■ Mr Stuart Murray has been appointed company secretary of BICC from March 1. He rejoins the company from Sears where he was company secretary. Previously he was assistant secretary at BICC. Mr Murray succeeds Mr Brian Farr who retires at the end of February.

AKELER HOLDINGS has appointed Mr Trevor Silver to the board. He is a director to the board, he is a Akeler of group companies Akeler Developments, and ConstrucThor.

■ Mr Ian Stewart, MP. bas been appointed a non-executive director of STANDARD CHARTERED from January 1. He was Minister of State for Northern Ireland until his retirement from Government last July.

■ Mr C.J. Evans, group personnel manager, has been promoted to assistant group January 1.

Mr Michael McLoughlin has been appointed executive director of CO-OPERATION IRELAND, U.K. He was general manager - Britain, Bank of Ireland.

non-executive chairman, succeeding Mr Geoff Cawley who is resigning to pursue private business interests. Mr Toner is a director of the Bank of Ireland, chairman of Arnotts, chairman of Irish Intercontinental Line, and a director of Irish Shell.

■ Mr Charles Mullins has been appointed to the boards of both Towry Law (Pension Consultants) and Towry Law (Pension Services). Overall, he is responsible for TOWRY LAW's pensions division in



The THOMAS ROBINSON GROUP has appointed Mr Bob Butler (above) as director and general manager of Robinson Milling Systems, Cheadle Heath. He was sales and marketing director.

TULLOW OIL has appointed Mr Tom Toner as Dr Michael Hughes has been appointed director of the organics division of BAYER UK, a subsidiary of the West German company; Mr Hans-Guenter Hussels has taken over as director of information technology and logistics; and Dr Alan McGilvray becomes director of the rubber business group.

> Mr Cameron M. McKay, managing director of Plasmec Systems, has been appointed to the board of the parent company, PLASMEC.

■ GRAMPIAN TELEVISION has appointed to the board Mr George Mitchell as director of programmes. He was programme controller.

HARMONY LEISURE GROUP has appointed Sir Stanley Grinstead, former chairman of Grand Metropolitan, and Mr Bob Dawson, corporate development director of R.K.F. Group, as non-executive directors. Sir Stanley is to be appointed chairman.

■ Mr Rowan Hill has been appointed national accounts manager, sales aid (a new post), at BARCLAYS MERCANTILE BUSINESS FINANCE, part of Barclays Bank Group.

■ Mr James Barrett has been appointed chief executive of HENRY BARRETTT GROUP from January 1. He continues as managing director of the steel services division. Mr Guy



ALLIED DUNBAR ASSURANCE, part of BAT Industries, has appointed Mr Keith Carby (above) as joint managing director from January 1. He will also join the board of B.A.T. Financial Services. He was sales director.

Barrett, chairman, becomes non-executive chairman on March 17.

■ Mr Jeffrey Green and Mr Peter Dobbs have been appointed chairman and appointed charring and managing director, respectively, of NICHOLSON CHAMBERLAIN COLLS SPECIAL RISKS, a new subsidiary of Nicholson Chamberlain Colls Lloyd's

insurance broking group. ■ Mr Arthur Dynes, managing director, protective equipment division, has been appointed to the board of BLAGDEN

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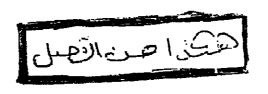
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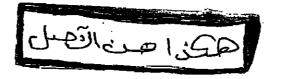


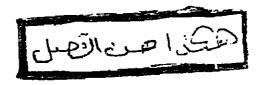
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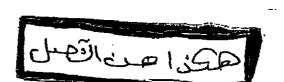
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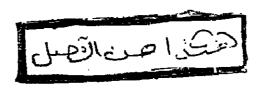
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FINANCIAL TIMES WEDNESDAY DECEMBER 20 1989  FT UNIT TRUST INFORMATION SERVICE	LONDON SHARE SERVICE
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### CURRENCIES, MONEY AND CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

### Speculation surrounds the yen

the elections to the Lower House of the Diet, expected in February, with another half point increase afterwards. He said the expectation of higher rates would put a floor under the yen until then and could push it higher once they are out of the way. The D-Mark closed at Y82 74 from VB3 45 on

closed at Y82.74 from Y83.45 on

Monday.
The D-Mark continued to

lack direction as the market wondered whether West Ger-

man interest rates have peaked. "It now looks as though the euphoria of the

D-Mark's recent advance was overdone. The market was

assuming a rise in West German rates, though that may not happen," said Mr Hannah.
The dollar showed little reac-

tion to the latest US data that pointed to a slower pace of eco-nomic growth, as trading

remained quiet. Traders said

they were also waiting for news from the Federal

THE YEN was firmer yesterday after speculation in Japanese newspapers that the Bank of Japan planned to raise the discount rate by half a per-centage point this week. The reports were later denied by Japan's monetary authorities. though the yen remained firm as dealers reckoned that money market rates will be increased in an attempt to bolster the Japanese unit. The yen's strength came as the D-Mark continued to stall and

the US dollar turned mixed. The impact of the newspaper reports was to focus the mar-ket's attention back onto the yen, which had suffered from the D-Mark's strength, despite attempts by the Bank of Japan to tempt investors with higher short money rates. The market is reckoning that if the D-Mark has been overbought then what has been oversold? The yen stands out, for no rea-son other than that Japanese interest rates have not yet peaked," said Mr Steve Han-nah, head of research at Nat-

West Capital Markets.
Indeed, the prospect of higher short-term rates will underpin the yen into 1990. Mr Dirk Morris, senior international economist at Shearson Lehman Hutton, said a gradual half point rise in overnight

market rates is likely before					
<b>£</b> IN NEW YORK					
Dec.19 Latest Previous Close					
ESpot					
Forward premiums and discounts apply to the US dollar					
STERLING INDEX					
Dec 19 Previous					

		Dec.19	Previous	
8.30 and 9.00 am 10.00 am 10.00 am 1.00 pm 2.00 pm 4.00 pm 4.00 pm		86.5 86.8 86.8 86.7 86.7 86.7 86.7 86.6	86.5 86.5 86.4 86.4 86.3 86.3 86.5	
CURRENCY RATES				

CURRENCY RATES					
Dec.19	Bank rate	Special* Drawing Rights	European † Carrency Unit		
Danish Krone Dedsche Mark Heth.Gollder French Franc Italian Lira Japanese Yes Horway Krone Spanish Peseta Swedish Krona Swedish Krona Greek Drank Irish Post	프로 	1.22709 1.30537 1.51514 15.8420 47.3588 47.4598 2.24941 2.54090 7.64124 1681.45 188.234 8.6414 2.02006 207.633 0.856030	1.36783 1.17266 1.36028 14.2982 42.6994 7.90254 2.03186 2.29372 6.93861 1513.31 168.667 7.83921 130.904 7.38942 1.82231 207.633 0.855030		
# Sterling quoted in terms of SDR,and ECUL,per £. † European Commission Calculations. ** All SDR rates are for Dec.18					

CURRENCY MOVEMENTS				
Dec.19	Bank of England Index	Morgan <sup>ee</sup> Guaranty Changes %		
Sterikoj U.S. Dollar U.S. Dollar Canadien Bollar Austrian Schilding Belgian Franc Dusksh Krone Dusksh Krone Dusksh Krone Guntler Franc Guntler Franc Lita You	86.6 67.9 105.2 109.7 109.2 108.2 118.4 107.4 114.2 102.7 99.9	-24.5 -10.5 +2.1 +12.1 +12.1 +12.2 +12.2 +13.9 +16.6 -13.0 -19.2 +61.8		

Yea 99.9 -19.2 Yea 132.0 19.9 Morgan Gearanty changes: average 1980 1982-100. Bank of England Index (Bane Average 1985-100**Rates are forDec.18.  OTHER CURRENCIES					
Dec 19	£	\$			
Brazii	1593.5-1699.90 20401-20435 15.2765-15.3610 6.5720-6.5845 254.55-259.05 112.10° 1074.85-1092.20 0.47190-0.47380 58.21-58.25 4.3155-4.3285 4270.65-428.85	995.00 - 1025.00 1.2745 - 1.2755 9.5400 - 9.5890 4.1050 - 4.1070 198.60 - 16.1.20 7.8055 - 7.8075 71.200 672.40 - 6.77.80 0.29420 - 0.29520 36.35 - 36.45 2.6960 - 2.6790 2668.00 - 2.6790 2668.00 - 2.6790			

Dec.19	£	\$						
Argentina Australia Brazil Flatand Flatand Flatand Flatand Korea Stal Korea Stal Lonenbourg life in Mexico Mexico Mexico Slatand Slatand Slatand Slatand Slatand Slatand Slatand Life i Cao Life	1593.35 - 1409.90 2.0400 - 2.0425 15.296 - 15.3410 4.5720 - 6.5265 524.55 - 529.05 12.4965 - 12.5975 112.10° 1074.85 - 1092.20 0.47190 - 0.4730 4.370.55 - 4.326 4.370.55 - 4.326 5.370.55 - 4.32	995.00 - 1005.00 12745 - 12755 95410 - 95990 4.1951 - 4.1970 198.60 - 161.20 77.8025 - 7.8025 11.20 672.40 - 677.80 0.29420 - 0.29520 2.6980 - 2.6990 2.6980 - 2.6990 2.6980 - 2.6990 2.6980 - 2.6990 2.5620 - 2.5650 37735 - 19800 2.5620 - 2.5650 37735 - 18460 36.20 - 26.25 3.6720 - 3.6730						
	Selling rate							
MON	MONEY MARKETS							

UK money market rates were little changed yesterday in quiet pre-holiday trading as

steriing held firm. Dealers said the money markets had suffi-cient liquidity to maintain cur-

rent rate levels over the Christ-mas period. The approach of the November trade figures at the end of the month are likely

to keep current rates underpin-ned, they added.

The key three-months inter-

Monday at 15%-15% per cent, while in the futures market the

UK clearing bank base lending rate 15 per cent from October 5

March short sterling contract

finished just 4 basis points higher at 85.57, having traded

S304m bank bills.

During the afternoon, it bought £190m of bills, including £33m Treasury and £62m bank bills in band 1 at 14% per cent. In band 2 at 14% per cent it purchased £49m of

only 6,475 contracts.

£304m bank bills.

ank rate was unchanged from

**Quiet trading** 

Treasury bills and £46m of bank bills. Finally, the Bank provided late assistance of around £110m.
In Frankfurt call money rates were unchanged at 7.50-7.60 per cent in quiet trading before the Christmas holiday period. Dealers said the markets had sufficient funds to avoid any change in rates, adding that the D-Mark's slight setback against the yen yesterday had no impact on

short rates. The Bundesbank yesterday set a new tender for a 35-day securities repurchase agreement, offering liquidity at a fixed rate of 7.30 per cent. This will offset an earlier facility expiring today of DM9.70bn and also set at 7.30 per cent

per cent. Dealers said they expected the Bundesbank's allocation this morning to offset the expiring facility, thereby not adding additional liquidity to

the system.
In New York the Federal Reserve, as expected, did not operate in the money markets. The markets were quiet in the run-up to Christmas. Federal Treasury Bills (sell); one-month 1458 per cent; three months 144, per cent; Bank Bills (sell); one-month 144, per cent; three months 1433 per cent; Treasury Bills; Average tender rate of discount 144,000 per, ECGD Fixed Rate Storling Export Finance. Make up of Newmber 30, 1999. Agreed rates for period December, 26,1909 to January, 23, 1990, Scheme I: 15,87, u.c., Schemes II & IIII: 16,43 p.c. Local Authority and Finance Houses seven days indice, others seven days fixed. Finance Houses Sace Rate 15½ from December 1, 1969; Bank Deposit Rates for such as were days notice 4 per cent. Certificates of Tax Deposit Series 6; Deposit Ectles (100,000 and over held under one month 11½ per cent; one-three months 15 per cent; three-six quonths 13 per cent; sine-twelve months 15 per cent; three-six quonths 13 per cent; sine-twelve months 15 per cent; three-six quonths 13 per cent; sine-twelve months 15 per cent; three-six quonths 13 per cent; sine-twelve months 15 per cent; three-six quonths 15 per cent; sine-twelve months 15 per cent; three-six quonths 15 per cent; sine-twelve months 15 per cent; three-six quonths 15 per cent; sine-twelve months 15 per cent; three-six quonths 15 per cent; three-six quon Funds were unchanged at 81/2

only 6,475 contracts.
Initially, the Bank of England forecast a shortage of £550m, though this was revised to £650m and finally to £600m. Before midday, it bought £336m of bills. This included £30m in band 1 at 14% per cent. In band 2 at 14% per cent it bought £1m of Treasury bills, £1m local authority bills, and £304m bank bills. per cent.
The market's were also thinly traded as dealers waited for news from the Fed's Open Market Committee, which met Monday and yesterday. Dealers said they expected the Fed to be a support of the fed to be supported to be supported to be supported the fed to be supported to be su Reserve's Open Market Committee, which met Monday and yesterday. The dollar closed at DM1.7375 from DM1.7265, at Y143.85 from Y144.10, at SFr1.5610 from SFr1.5480, and at FFr5.9350 from FFr5.9875. The dollar's index, as calcu-

lated by the Bank of England, was unchanged at 67.9. Sterling was thinly traded and was confined to a narrow range. It closed at DM2.7800 from DM2.7675, at \$1.6005 from \$1.6030, at Y230.25 from Y231.00, at SFr2.4975 from SFr2.4825, and at FFr9.5000 from FFr9.4525. Sterling's index closed 0.1 higher at 86.6.

index closed 0.1 ingher at 36.6.

The FT Guide to World Currencies will next be published on Wednesday, December 27, reflecting exchange rates from Friday December 22, the last trading day before Christmas. The following week's edition, which will appear on Tuesday, January 2, will reflect rates January 2, will reflect rates from Friday December 29.

	E	URO-C	URRENC	Y INT	RE	ST I	RATES	
Dec 1	9	Short term	7 Cays notice	One Month	Mile Mile	bree antis	Şîx Mattis	Ger Year
Sterling US Dallar Can. Dollar Can. Dollar Dollar Dollar Sw. Franc Desischwark Fr. Franc Italian Lira B. Fr. (Fia) B. Fr. (Coo) Yen O. Krone Islan SSing		154-154 87-81 121-81 81-76 74-76 1011-11 96-91 96-91 96-91 121-12 84-84	15 4-84 84-84 124-84 84-84 84-84 124-84 124-84 124-84 124-84 124-84 84-84	13. 13. 13. 13. 13. 13. 13. 13. 13. 13.	82 82 83 11 10 10 10 12 12	15.4 8.4 8.4 8.4 8.4 10.2 10.2 10.1 10.1 10.1 10.1 10.1 10.1	15-148 83-84 118-113 83-84 84-84 81-84 11-104 104-104 104-104 104-104 118-114 81-84	142-142 84-84 118-114 84-84 84-84 103-104 103-104 103-104 103-104 103-104 103-104 103-104 103-104 103-104
Long term Eurodollars: two years 8½-8½ per cent; three years 8½-8½ per cent; floer years 8½-8½ per cent; floer years 8½-8½ per cent nominal. Short term rates are call for US Gollars and Japanese Yet; others, two days' notice.								
POU	ND	SPOT-	FORWA	URD AG	All	IST '	THE P	OUND
Dec.19		Day's pread	Close	One spo	nth	% pa	Three months	72
20	1 900	5-160%	T 4000 - 1 401	0.000.00	V	462	249.74	4.10

Dec.19	spread	Close	One month	pi	months	72				
US	1.5995 - 1.6075	1.6000 - 1.6010	0.88-0.86cpm	.6.52	2.49-2.46pm					
Canada	1.8560 - 1.8670	1.8560 - 1.8570	0.46-0.40can	2.78	0.90-0.80pm	1.89				
Hetherlands .	3125-3145	3124-3134	13-15-000	6.71	43-45pm	6.07				
Belgium	58.20-58.60 10.77-10.82%	58.20 - 58.30	29-23cm	5.36 2.99	/6-64am	4.81				
Denmark	10500 10615	10.77 - 10.78 1.0520 - 1.0530	23-21-orepm	绒	75-63 pm	269				
W. Germany	2774 - 2784	2774 - 2.784	0.35-0.30ppm 13-13-prom	1 728	115,115	418 638				
Portugal	243.00 - 244.60	243.00 - 244.00	187-269cds	-11.24	41,-43,00 333-574dis	-7.45				
Sealo	178.45 - 179.50	178.65 - 178.95	11-17ess	-0.94	37-47dis	-0.94				
Italy	2061 - 207519	2061 - 2062	4-2lireon	Ľ	10-820	Ľ75				
Horway	10.69 - 10.74 4	10.69 - 10.70	23-13 orepu	238	67-6400	238				
France	9.47% - 9.50%	9.492 - 9.502	35-3500	1 4.42	93-940	3.97				
Sweden	10.0312 - 10.0912	10.0312 - 10.0412	1 2%-25-min	3.29	l 6%-5% and	244				
Japan	2294 - 2314	2294 - 2304	14-15 ypm	8.79	i 4545.00d	7.93				
Austria	19.51 - 19.58	19.51 - 19.54		5.45	294-244 <sub>00</sub>	561				
Suitzerland.	24900-24985	2,4970 - 2,4980	12-13 com	6.91	4-35pm	6.37 3.63				
ECU	1.3710 - 1.3730	1 13710 - 13720	0.47-0.44com	3.98	1.27-1.22mm	3.63				
	Commercial rates taken towards the end of London traditor. Belgian rate is convertible frames. Financial frame 58.20-58.30 Six-counts forward deltar 4.94-4.89cpm 12 Months 8.95-8.85pm									
Commercial 98.20-58.30	ates taken towards t Six-month foregri d	be end of London tra Igilar 4.94-4.89cpm	cilos. Belgian rati	e is coore	rtible frames. Fina					
58.20-58.30	Six-month foregrid	be end of London tra initiar 4.94-4.89cpm FORWAR	ellog. Belgian rat 12 Months 8.95-8	e is coore .85pm		ocial franc				
58.20-58.30	Six-month foregrid	lellar 4.94-4.89cpcs	ellog. Belgian rat 12 Months 8.95-8	e is coore .85pm		ocial franc				
DOLL Dec.19	AR SPOT-	FORWAR Close	ding. Belgian rat 12 Months 8.95-8 D AGAIN	IST 1	THE DOL	LAR				
DOLL Dec.19	AR SPOT- Day's spread 15995-16075	FORWAR  Close  1.6000 - 1.6010 1.5170 - 1.5180	ding. Belylan rat 12 Months 8.95-8 D AGAIN One month 0.28-0.86-pm 0.32-0.27-pm	IST 1	THE DOL Three months 2.49-2.46gm   1.13-1.03gm	LAR % p.1 6.19 2.84				
DOLL Dec.19 UK:	Six-month forward of Day's spread 1.5995 - 1.6075 1.5170 - 1.5240 1.1595 - 1.1420	FORWAR  Close  1.6000 - 1.6010 1.5170 - 1.5180 1.1610 - 1.1620	dies. Belgian rat 12 Montes 8.95-8 D AGAIN One septh 0.88-0.86-pm 0.32-0.27-pm 0.34-0.37-pm	IST 1	Three mostles 249-246gm 1.13-1.03gm 1.62-1.03ds	LAR % 9.1 6.19 2.84 -3.62				
DOLL Dec.19 UK: Letand: Canada Nethertands	AR SPOT- Day's spread 1.5995-1.6075 1.5170-1.5240 1.1595-1.1620 1.995-1.1620	Gose 1.6600-1.6010 1.5170-1.5180 1.1610-1.1620 1.7945-1.9555	dies. Belylan rat 12 Months 8.95-8 ID AGAIN Cer month 0.88-0.86-pm 0.32-0.27-pm 0.34-0.37-db 0.05-0.02-pm	# IS COONE #85pm #85pm % p.a. 6.52 2.32 -3.57 0.21	THE DOL  Three mostles  2.49-2.46pm 1.13-1.03pm 1.02-1.03fm 0.03-0.07/dls	LAR % p.1 6.19 2.84 -3.62 -0.10				
DOLL Dec. 19 UK:	Six-month forward of Day's Spread 1-5975 - 1-6075 1-5170 - 1-5240 1-1995 - 1-1-620 34.27 - 34.45	Close 1.6000 - 1.601.0 1.5170 - 1.5130 1.5180 - 1.5255 3.33 - 36.45	D AGAIN  One month  0.88-0.86cpm 0.32-0.27cpm 0.34-0.37cibs 0.05-0.02cpm 2.00-5.00cis	# E coord #5pm #5pm % p.a. 6.52 2.32 -3.67 0.21 -1.15	THE DOL  Three months 249-246pm 1.13-1.03mm 1.02-1.036s 0.03-0.07dis 1.00-1.006s	LAR % p1 6.19 2.84 -3.62 -0.10 -1.48				
DOLL Dec. 19 UK:	Sk-month foregri & AR SPOT- Day's spread 1.5995-1.6075 1.5170-1.5260 1.1595-1.1620 1.1595-1.1620 1.5945-1.1620 36.25-38.45 6.71-6.744	Close 1.6000 - 1.6030 1.5170 - 1.5380 1.5570 - 1.5380 1.5545 - 1.9595 36.33 - 36.45 6.73 - 6.732	Clare Selysian ratio 12 Months 8.95-8  D AGAIN  Clare scortts  0.88-0.86-pm  0.32-0.27-pm  0.05-0.02-pm  2.00-5.00-e8t  1.75-2.10-e8t	# B coore # pa 6.52 -3.67 0.21 -1.15	THE DOL  Three months  2.49-2.46cm 1.13-1.03cm 1.03-0.07dis 11.00-16.00dis 5.70-6.20dis	LAR % p.1 6.19 2.84 -3.62 -0.10 -1.48 -3.53				
DOLL Dec. 19 UK;	Six-nonth forward of Day's spread 1.5975 - 1.5075 1.5170 - 1.5240 1.5975 - 1.1525 1.5975 - 1.1525 3.6.25 - 36.45 6.71 - 6.744 1.7750 - 1.738	Glar 4.94-4.99cpa FORWAR Close 1.6000-1.6010 1.5170-1.5180 1.1619-1.1620 1.5945-1.920 36.33-36.45 6.73-6.73-6.73-6.73-7.730	D AGAIR  One scottle  0.88-0.86-pm 0.32-0.27-pm 0.32-0.27-pm 0.32-0.27-pm 0.30-0.00-pm 2.00-5.00-pm 2.00-5.00-pm 1.75-2.10-refits 0.10-0.08-pm	# B coore # pa 6.52 -3.67 0.21 -1.15	THE DOL  Three mostls  2.49-2.46pm 1.13-1.03pm 1.02-1.02ds 0.03-0.07dis 11.00-16.00ds 5.70-6.20ds 0.13-0.10cm	6.19 2.84 -3.62 -0.10 -1.48 -3.53 0.27				
DOLL Dec. 19 UK;	Sk-month foregri & AR SPOT- Days - 16075 15170-15260 1.5995-1.6205 1.5995-1.6205 36.27-36.45 1.7250-1.7385 15200-15220	Close  1.6000 - 1.6010 1.5170 - 1.5180 1.5610 - 1.625 1.5545 - 1.9555 36.25 - 36.65 1.7570 - 1.7330 1.7570 - 1.7330 1.7510 - 1.7520	ding. Belgian rational 22 Months 8:95-8  ID AGAIN  One month  0.38-0.85-pm 0.34-0.37-pm 0.34-0.37-pm 0.35-0.02-pm 0.35-0.02-pm 1.75-2.10-reddi 0.10-0.09-pm 2.10-250-disk 1.75-2.10-reddi 0.10-0.09-pm 2.10-250-disk 1.75-2.10-reddi	* Is cone (#55pm   18T   7%   12   12   12   12   13   14   14   15   14   14   14   14   14	THE DOL  Three mostles  2.49-2.46pm 1.13-1.03pm 1.03-1.026s 0.03-0.07ds 11.00-16.00ds 5.70-6.20ds 0.13-0.10pm 450.400ds	6.19 2.84 -3.62 -0.10 -1.48 -3.53 0.27 -13.81				
DOLL Dec. 19 UK;	Six-nonth forward of Day's spread 1.5975 - 1.5075 1.5170 - 1.5240 1.5975 - 1.1525 1.5975 - 1.1525 3.6.25 - 36.45 6.71 - 6.744 1.7750 - 1.738	Glar 4.94-4.99cpa FORWAR Close 1.6000-1.6010 1.5170-1.5180 1.1619-1.1620 1.5945-1.920 36.33-36.45 6.73-6.73-6.73-6.73-7.730	D AGAIR  One scottle  0.88-0.86-pm 0.32-0.27-pm 0.32-0.27-pm 0.32-0.27-pm 0.30-0.00-pm 2.00-5.00-pm 2.00-5.00-pm 1.75-2.10-refits 0.10-0.08-pm	# B coore # pa 6.52 -3.67 0.21 -1.15	THE DOL  Three mostls  2.49-2.46pm 1.13-1.03pm 1.02-1.02ds 0.03-0.07dis 11.00-16.00ds 5.70-6.20ds 0.13-0.10cm	6.19 2.84 -3.62 -0.10 -1.48 -3.53 0.27				

	us i	EURC	)PEA	N C	JRR	ENCY	UNI	T RA	TES		
		Cent rat	nd l	Correct automat against Dec.19	Eca	% change from central rate	أسدا	change justed for vergence	Die	rgence il. %	
eigian Franc casts Krese erman D-Mark rench Franc wich Galider tish Pant allan Lira panish Peseta		7.8 2.0 6.9 2.3 0.76	4582 5212 5853 0403 1943 8411 19.58 1,804	42,6994 7,91254 2,03186 6,93861 2,29572 0,770420 1513,31 130,904		+0.57 +0.64 -1.30 +0.50 -1.11 +0.26 +2.00 -2.17		+0.57 +0.64 -1.30 +0.50 -1.11 +0.26 +2.00 -2.17		±1.5508 ±1.6453 ±1.1762 ±1.3618 ±1.5272 ±1.6689 ±4.0410 ±4.2705	
hanges are djustment	for Ecz, t calculated					CENTRALLY D\$\$ I	RATE	<b>S</b>			
Dec.19	£	\$	DM	Yea	F Fr.	S Fr.	H FI.	Llea	CS	B Fr.	
ž	-	1.6M	2.78	230.3 143.8	9.500	2.498	313 1955	2062 1288	1.857 1.160	58.25 36.38	

	EXCHANGE CROSS RATES									
Dec.19	£	\$	DM	Yes	F Ft.	S Fr.	H FI.	Litza	CS	В
Š	1 0.625	1.601	2.78 1.736	230.3 143.8	9.500 5.934	2.498 1.560	313 1955	2062 1288	1.857 1.160	53. 36.
AEM DM	0.366 4.342	0.576 6.952	1 12.07	82.84 1000.	3.417 41.25	0.899 10.85	1126 13.59	741.7 8954	0.668 8.063	20 25
F Fr. S Fr.	1.053 0.400	1.665 0.641	2926 1113	242.4 92.19	20. 3.803	2,629 1	3.295 1.253	2171 825.5	1.955 0.743	61. 23.
H FL Ura	0,319 0.485	0.512 0.776	0.888 1.348	1328	3.035 4.607	0.798 1.211	1.518	658.B 1000.	0.593 0.901	18 28
CS 8 Fr.	0.539 1.717	0.862 2.748	1.497 4.773	124.0 395.4	5116 16.31	1.345 4.288	1686 5373	1110 3540	1 3.188	31

FT LONDON INTERBANK FIXING

**MONEY RATES** 

7.85-8.00 107-11

112-112

**LONDON MONEY RATES** 

154 15

154

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7,85-8,00 103-11 83-85 856-8,63

13-13-3 13-13-3 101-101-1111-11<u>1</u>

15555 455544556 98111

7.95-8.10 107-11

15 14% 14% 14% 15 15

8.00 9.50 --

One Year

CLLOD a.m. Dec.199 3 months US dollars

7.55-7.65 103-103 71-71 8.40-8.50 613-61 121-124 10.50 101-103

151 147

154

151:

7.80-7.95 1019-1019 812-814 8.56-8.63

**NEW YORK** 

LIFFE LG	NG GILT	FUTURES (	PTIONS		LIFFE US	TREASU	TY 1010 F	UTURES	OPTIONS
Strike Price 90 91 92 93 94 95	Calls-90 Mar 3-10 2-25 1-47 1-13 0-52 0-34	4-32 3-49 3-06 2-33 2-03 1-44	Pats-se Mar 0-26 0-41 0-63 1-29 2-04 2-50	tilements Jan 0-42 0-59 1-16 1-43 2-18 2-54	Strike Price 97 98 99 100 101	1437 3-32 2-43 1-42 1-23 0-58 0-58	344 2-11 1-46 1-46	Pato-se Num 0-22 0-33 0-52 1-13 1-48 1-46	1-00 1-22 1-48 2-15 2-50 2-50

Estimated wheme total, Calls 40 Part 60 Province Car's more but, Calls 947 Parts 1646

LIFFE EURODOLLAR OFTIONS Clas points of 100%

LIFFE BUILD FUTURES OPTIONS BEI258,000 points of 100%

Estimated volume total, Calls 745 Pats 912 Previous Car's note let, Calls 16164 Pats 17216

1.40 1.19 0.97 0.77 0.58 0.42 0.30

Estimated volume total, Calls 1435 Pers 622 Previous day's open int. Calls 65154 Pers 40094

Latest High Low 15772 15802 15760 15550 15560 15530 15312 15312 15312

Pres. 1.5824 1.5582

LIFFE SHORT STERLING OPTIONS ESCOLOGE points of 190%

PRIMES FOREIGN EXCHANGE

LONDON (LIFFE)

92.14 92.35 92.37 92.07 91.78 91.78 91.78

Close High 91-25 91-30 92-24 92-28 93-27 93-30

Clase High Law 103 44 103.55 103.40 103.45

Files 84.89 85.52 87.14 87.59 87.98 88.18 88.37

Est. Vol. (Inc., fligs, not shown) 10674 (16216) Previous (8e's open lat., 14752) (149637)

Est, Vol. Circ. figs. not shown) 4585 (5384)

92.55

Egissated volume 501 (256) Previous day's open let. 805 (737)

THREE MONTH STEELING 500,000 points of 100%

Estimated volume 7578 (5928) Previous day's open let. 33813 (34641)

0.35 0.51 0.72 0.99 1.31 1.67

0-52 2-03 2-04 2-15 0-34 1-44 2-50 2-54 0-22 1-19 3-38 1-29 Estimated volume total, Calls 817 Pots 383 Previous day's open int. Calls 12749 Pots 6153 LIFFE 5/5 OPTIONS 525,000 (cods per \$1) Calls-920 Dec 15-10 10-10 5-10 1-78 0-37 0-04 9-00 Paix-s O-49 0.05 0.49 2.25 10.52 15.48

CHICAGO

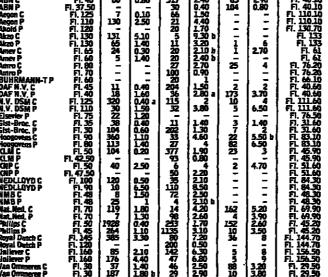
n t	5100,999 32nds of 160%										
1.5.5	Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun	Latest 100-00 100-02 99-31 99-24 99-14	High 100-63 100-63 100-63 100-63 97-27 97-16	99-28 99-30 99-27 99-24 99-11	Prev. 100-05 100-05 99-29 99-17 98-30 98-22 98-15 98-08						
_[	6.5. TRE/ \$1m point	SURY ARLS									
N   e e mon e e e e e e e	Star Jun Sep Dec	(ates) 93.35 93.55	明典 17.37 18.59 19.52	93.33 93.54	Pres. 93.38 93.59 93.50 93.30						
-	SWISS FI SFr 125,0	ASIC (ISIN) 00 S per SFr									

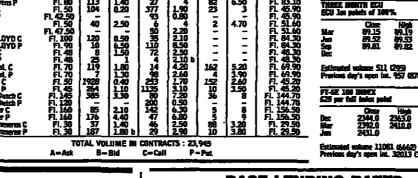
Mar Jun Sep Dec	0.6437 0.6440	0.6446 0	6429 0E4	194 100	3	51.66 351	05 3461 190 3501 130 3543	0 35 0 35
PRILADE1 £31,250 4	PHIA SE (/S rado per (II)	QPTIDHS						
Suffice Price 1,500 1,550 1,550 1,575 1,600 1,625 1,650 Previous de Previous de	Jan 10.10 7.60 5.10 2.92 1.44 0.58 0.23 ny's open int:	Cal Feb 9.90 7.40 5.25 3.39 2.05 1.25 0.63 Calls 278.59 Calls 9,232	Mar 9.85 7.40 5.28 3.74 2.48 1.66 1.02 0 Pers 270	9.65 7.92 6.05 4.65 3.48 2.56 1.95 (All correct	Jan 0,22 0,77 1,85 3,53 5,63 781ded	Put Feb 0.27 0.62 1.17 2.08 3.38 5.04 6.99	8.75 1.26 2.06 3.13 4.51 6.16 8.04	3 31 41 5.7 7,

EUROPEAN	<b>OPTIONS</b>	<b>EXCHANGE</b>

Feb. 90 May 90 Aug. 90

Series	1	Vol	Last	Yel	Last	Val	Last	Stock
Gold C	\$410	13 44	16.50 a 12.50	. 30	28.50	-	-	5.4
Gold C Gold C	\$ 420	44	D2.50	4	10.50	25	17	5 4 5 4
Gold P	\$ 450 \$ 380	39	1.50	2	ود.س	_	l "-	\$ 4
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			L 90		. 90		. 90	
EOE Index C EOE Index C	F1, 285 F1, 290	33 100 223 69	9.60	101	13 a 950 7.50 5.10 a	- Z	12	FI. 289.
EOE Index C	FI. 295	223	4	37	7.50	=	<u> </u>	Fi 2893
EOE ladex C	F1. 30G	Ŧ	230 130 210 320	101 37 55 10	5.10 a	5	8	FI. 289.3
EOE Index C	Fi. 305	444	1.30	10	350 3.40		l <del>.</del>	ศ. 289
EOE Index P EOE Index P	FI. 280 FI. 285	422	2.10	1 72	3.49	10	4.50	F1. 289.3 F1. 289.3
EOE Index P	F1. 290	449	480	97	6.B0	ו בי	1 - 1	Fi. 289
EOE Index P	FI 295	222	4.80 7.50 10.70 14.50	5 75 97 45 10	12 5	-	- 1	I FL 289.3
EOE Index P	FI. 300 FI. 305	180	DO.70	10	125	! =	1 = 1	FI. 289.3 FI. 289.3
SIFIC	FI 195	#	1776	50	3.90	-	_ [	F1. 195.7
S/FIC	F1. 200	30	2.80 1.20 0.50	4	2,20	12	3.10	Fl. 195.7
. S/FIC	ศ. 200 ศ. 205 ศ. 190	444 472 478 447 222 180 55 77 30 30 46	0.50		1 1		l <u>=</u> 1	FI. 195.7
\$/FIP	Fl. 190	- 66		80	1.90	2	2	FI, 195.7
		lan	. 90	Ane	. 90	.teri	90	
ABN C	EI 40	80			2.40		2.90	F1, 40 J
ABNP	FI. 40	- 20	0.86	317	0.40	63 184	0.80	F: 401
. Aegon C	FI. 37.50 FI. 125 FI. 110	7	0.10	30 66 21	1.50 4.40			FI. 40.3
Aegon P	Fl. 110	130	250	21	4.40			FI. 110.1





### **BASE LENDING RATES**

	ADDER OF LUNISPACES	כנ	M-604-60-46 page 173	Masica (465   1654 ****** 13
	Allied Trest Bank	15	Countis & Co	Minkresit Mortszoe Bauk 15
	Ailled Irlsh Bank	15	Cypres Popular Bk 15	PRIVAThanker Limited 15
	Heary Assharcher	15	Deather Bank PLC 15	Provincial Bank PLC 16 Roxforghe G'rantee 15
_	Associates Cap Corp	14	Descar Lawrie	Roxinarche G'rantee 15
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•	B & C Merchant Bank	25	Exeter Trest Ltd 15½	Royal Bir of Scotland 15 Royal Trest Bank 15
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_	OF COMPANY CONTRACTOR	ᇋ	a 17abow 1/05bs € 7002 *** 12	Banking & Securities House
u	Charterhouse Bank		Lioyds Bank15	Association, a Deposit now 5.99
	Citibank NA		Meghraj Bank Ltd 15	Saverise 8.5%. Top Tier-£10,000
	City Merchants Bank	护	McDornell Donglas Bet. 15	instant access 12.8% & Mortga
	Clydesdate Bank	כנ	Midland Bank 15	base rate. § Demand deposit. 99
			Morret Banking 15	Mortgage 15.2% - 15.95%
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			Nat Westminster	

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**UOB SUPER ECU FUND MANAGEMENT** COMPANY S.A. 17, rue des Bains

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Notice to UOB SUPER ECU FUND unitholders The Board of Directors of the UOB SUPER FUND MANAGEMENT COMPANY S.A. informs the UOB SUPER ECU FUND untholders that the new Management Regulations approved by the Board of Directors as amended in accordance with the law of March 19th, 1983 on collective investment undertakings take effect as from September 18th, 1989. The Management Regulations were filed at the "Tribunal d'Arrondissement de et & Luxembourg" on September 18th, 1989.

The Board of Directors informs furthermore the uniof the Fund's assets drawn up in ECU is increased

HONDA MOTOR CO., European Depositury Receipts issued by Morgan Guaranty Trust Company of New York

A distribution of \$0.4855 per deposi-tary abare less any applicable lesses will be payable on and after Deces-ber 25, 1989 upon presentation of coupon no 29 at the following offices of Morgan Guaranty Trust Company of New York in: Brussels, 35, Avenue des Arts New York, 30, West Broadway London, I Angel Court

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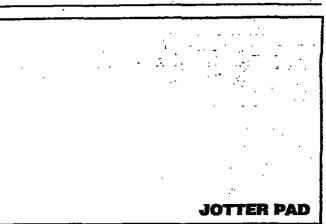
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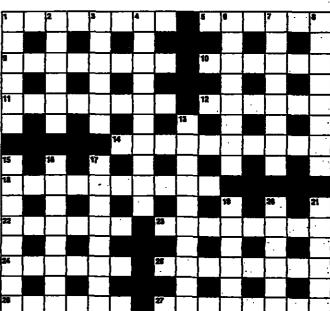
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### **CROSSWORD**

No.7,120 Set by VIXEN



ACROSS
1 Take off from lower ground?

(8) 5 Abandon an over-dry area

(6)
9 Beautiful homes – and oth-

9 Beautiful homes — and our-erwise! (8)
10 Wear for formal occasions, which includes work (3.3)
11 Japanese maybe getting into real chaos (8)
12 "No heast so —— but knows some touch of pity" (Shake-magne) (6)

some touch of pity" (Shakespeare) (6)

14 A person coping with a trying job (10)

18 Rub out a thin line, a mistake having been made (10)

22 A ruthless man in the City
ran things his way (6)

23 Make notes about cunning
back moving quickly (3)

24 Lay down trock (8)

25 Casual wear for town (8)

26 Drop in animal treatment
by the vet? (6)

27 Family conflict to some end
(8)

1 Instruct as a group in the

it (6)
3 One's need to be in an organisation that's on the up and up (6)
4 Like a little company and

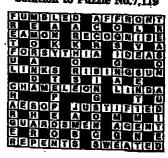
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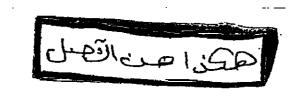
6 Self-centred people get so
- it's quite dreadful (8)
7 Heavenly present for use
inside and elsewhere (3)
8 Note the revolutionary may
well appear restrained (8)
13 Where one first saw the

light! (10)
15 Nourishment for those on a strict diet? (4.4)
16 Enters without asking permission, so is turned out (8)
17 Fine monarch's judgment

(8)
19 Took food outside to finish when repelled (6)
20 Though mean, gain very little (6)
21 Things to be seen to seen 21 Th Things to be seen to requiring time and trouble (6)

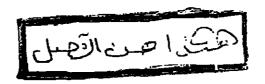
Solution to Puzzle No.7,119



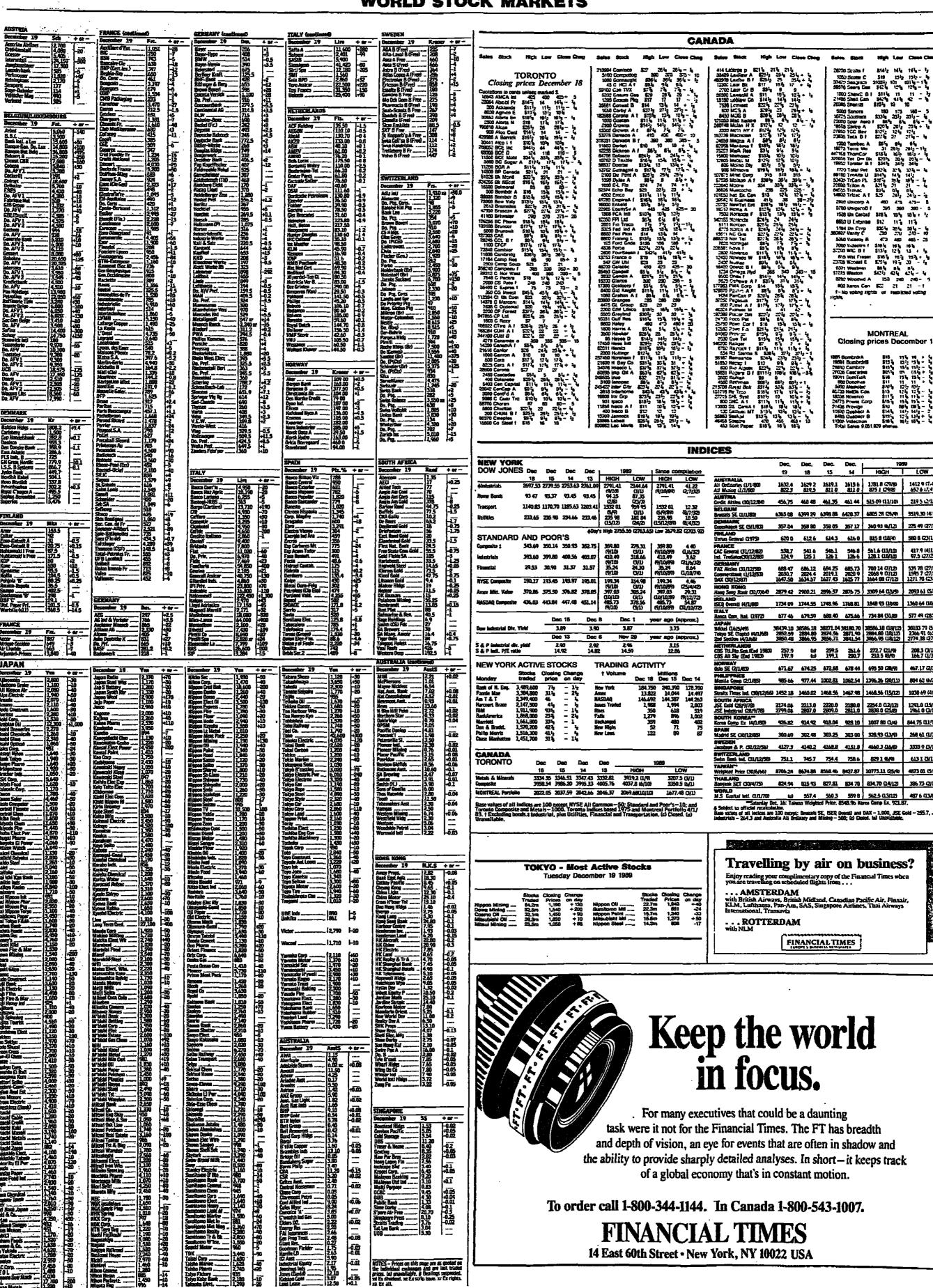


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### **WORLD STOCK MARKETS**



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546.8 126.6 671.67 674.25 672.68 678 44 695 50 (28/9)

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### NEW YORK STOCK EXCHANGE COMPOSITE PRICES

2pm prices December 19 Mentals | Date | Date | March | Date | 10. The control of th | Compare | 1.20 | Comp 2849-25 Ç 127, DCNY 241, DPL 171, DOE 127, Deltae 331, Denter 83, Dentel 117, DeteGn 2357 2357 2357 1857 1857

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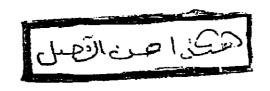
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2pm prices December 19

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FINANCIAL TIMES

**NASDAQ NATIONAL MARKET** 

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**AMERICA** 

## Dow musters a recovery after early falls

industrial Average down by about 30 points yesterday morning, but then the market rebounded to stand only a little lower at midsession, writes Janet Bush in New York.

At 2 pm, the Dow stood 4.90 points lower at 2,702.43 on active volume of 127m shares by midsession. The Dow had dropped 42.02 points to 2,697.53 on Monday, partly because of concern about bank exposure to pockets of extreme weakness in the housing market. Bank of New England said last Friday that it had seen a sharp rise in non-performing loans related to the north-east real

That concern continued yes-

SPECULATION about an increase in Japan's official dis-count rate joited the market initially, but heavy losses were

trimmed by arbitrage buying, which again offered the Nikkel index substantial support, writes Michigo Nakomoto in

Tokyo.
Share prices plunged more

than 335 points in the first

quarter of an hour of trading on reports that the Bank of

Japan planned to raise the offi-

cial discount rate for the third

time this year. This was later

denied by the authorities, but

share prices fluctuated throughout the day, with the Nikkel average moving from a high of 38,559.53 to a low of

Arbitrage buying minimised the losses, and the Nikkei closed 147.08 lower at 38,439.10.

rency, said that he was sur-prised by these fears and that investors did not appear to be differentiating between finan-cial institutions with exposure cial institutions with exposure and those with none.

The heavy selling in the first 1% hours of the session yesterday reflected concern that Monday's plunge could presage a more prolonged decline. According to Mr Newton Zinder, technical strategist at Shearson Lehman Hutton, that Shearson Lehman Hutton, that decline was the broadest since October 13 and volume on

ery on October 16. However, the rebound yes-terday from mid-morning lows was fairly convincing. Both the selling and the recovery appeared to happen in isolation to yesterday's news events, which included the release of the November consumer prices index which rose

release of November housing starts which fell 4.7 per cent, in line with forecasts. The Treasury bond market was on the defensive, albeit was on the unlease. The trading in a narrow range, as the policy-making Federal Open Market Committee started its two-day meeting.

on the equity market, the financial stocks that were hit the worst on Monday did better. Bank of New England itself added \$1/4 to \$7% at midsession and Federal National Mortgage

There was another major reversal of recent fortunes. Consumer non-cyclicals, which have been favoured all year, lost out to industrial stocks, which have increasingly begun to be regarded as undervalued in comparison.

Philip Morris, one of the best performing stocks in the consumer sector, dropped \$% to \$40% and Coca-Cola, another favourite, fell \$% to \$78%. By contrast, International Business Machines, which has been trading at its lowest level since 1983, jumped \$1% to \$94%. Among other industrial stocks, International Paper added \$% to \$53%, Du Pont rose \$1% to \$123% and USE gained \$% to \$123% and USA gained \$% to \$24%.
Walt Disney, which has been boosted all year by speculation in the entertainment industry,

slumped \$4% to \$121%.
AMR, the parent company of
American Airlines, jumped
\$1% to \$59% on a US press

pay Eastern Airlines as much as \$500m for its Latin American routes and other assets of Texas Air, Eastern's parent. Texas Air fell \$1 to \$11% fol-lowing Eastern's announcement that it expects a \$250m loss for the fourth quarter.

BANKING issues led the way down in Toronto, where stocks fell sharply by midsssion. Fears about falling real estate prices undermined the bank sector, and that weakness spread to the general market.

The composite index fell 43.2 to 3,915.3. Declines led advances by 391 to 179, with volume of l8m shares.

Among hanks, the Bank of

Among banks, the Bank of Nova Scotia dipped C\$% to C\$15%, the Bank of Montreal lost C\$1 to C\$32%, the Royal Bank fell C\$1% to C\$49% and the Canadian Imperial eased C\$1 to C\$31%.

followed with 32.5m shares and a gain of Y200 to Y1,540.

hike spurred interest in these inflation-hedging, resource issues, which had already

attracted attention on strong

est shown by Saudi Arabia in

oil production in Japan could accelerate moves to restructure

Osaka fell on profit-taking

and the OSE average lost

108.48 to 38,956.65. Volume rose

to 106m shares from the 102m traded on Monday. Kansai Electric Power fell out of

favour, as a possible rate increase and higher oil prices

were expected to take their toll

on profits. It lost Y150 to

the industr

mours of the discount rate

tory, with group sales up 10 per cent at DM65bn. Hopes that German interest rates had peaked boosted bank-ing stocks, with Commerzbank up DM5.50 at DM279.50. Dresdner DM2 higher at DM406.50 and Deutsche rising

Markets Staff.
FRANKFURT inspired

enthusiasm abroad, with for-

eign buyers pushing shares higher in active trading. The DAX index gained 12.93 to 1,647.50 and the FAZ added 2.35

to 688.47. Turnover reached DM5.8bn.

Much of the interest was from the US and Japan, and from funds switching from

America amid nervousness

about its economy.

VW surged DM11.50 to

DM509.50 in the day's busiest
trading, worth DM829m. The
company said that this year
had been the best in its his-

DML50 to DM772. Metallgesellschaft gained DM14 to DM547 after Monday's news of a venture in Hungary. In the retail sector, Asko gained DM31 to DM835 before gold and oil prices.

Among oils, Cosmo Oil was third with 32.1m shares traded and increased Y90 to Y1,450. Investors speculated that internews that it is discussing co-operation with Metro of Swit-zerland. The deal could involve Massa, up DM11 at DM333, in which Asko owns 50 per cent. PARIS was hampered by nervousness about the US.

Share prices opened lower and recovered throughout the day, before declining again on the news that Wall Street was once more in retreat. The OMF 50 index closed 3.59 lower at 527.71 in modest trading.

Paribas moved against the trend, rising FFr3 to FFr715 on speculation of stake-building by its takeover target, Navigation Mixte. Elsewhere in the financial

sector, Bancaire fell FFr18 to FFr630 and Société Générale lost FFr5 to FFr527, after lead-ing banks followed Monday's rise in key Bank of France interest rates with a ¼ point increase in base rates. MILAN slipped as the previ-

cent, to 620.0 in turnover worth FM259m, of which free shares

Frankfurt reaps benefits of nervousness over US

PROMISED investment in Turkey through a new Mediterranean Fund spurred the Istanbal stock exchange index up 3.2 per cent to a record 1,934.64 yesterday — its highest level since the bourse's relaunch in 1986, writes Jim Bodgener in Ankara. WORRIES about the American economy and Wall Street's sharp decline on Monday coloured trading on the Continent yesterday. Frankfurt benefited from a migration of buyers from the US to West Germany. but most markets ended lower in nervous trading, writes Our

Trading volume yesterday was TL35bn (\$16.8m) — small, but far above the levels of a fortnight ago, Turkey should benefit from the \$55m Mediterranean Fund launched by Schroder Investment Management and Nomura; this comes in the wate of a live convertibility package in August which threw Turkey open to foreign investors.

The index was almostly on an upawing of investor confidence generated by block purchases of blue chips last week for a \$50m Turkish Investment Fund on the New York Stock Exchange.

The fund's purchases kicked off with a TL34hn purchase of shares in the leading private sector Koc Group last Wednesday. Purchases of shares in other top companies, including Istanbul stock exchange leader Eregii Iron and Steelworks, a day later totalled TL41bn.

The block purchases are negotiated outside the exchange, but indirectly fuel investor confidence, according to lit Muharrem Earsii, the exchange's greathing.

It is hoped that the Turkish Investment Fund will persuade the families that own most of Turkey's largest corporations to put more shares into public ownership.

clast a cloud over early proceedings. The Comit index shed 2.13 to 677.46 in turnover thought to be similar to Mon-

thought to be similar to Mon-day's L175bn.

AMSTERDAM edged lower, as Well Street remained weak; in quiet trading tinged with an end-of-year feeling. There were a few hig movers, with Pirelli Tyre failing Fl 2-90, or 7.5 per cent, to Fl 35.10 on lower profit expectations. The CBS tendency index essed 1.2 to 181.6. dency index eased 1.2 to 1816. ZURICH shrugged off Wall Street's woes and advanced in

moderate trading as investors responded to slightly lower local interest rates. The Credit Sulsse index gained 2.3 to 607.6. Position squaring before the end of the year and buying at lower price levels accounted for the rise. Banks and chaincal issues attracted good demand Sandoz bearers 1986 SFr375 to SFr11,400 and Hoffmann-La Roche bearers gained SFr150 to SFr7,500. Ciba-Geigy slipped SFr5 to SFr3,640 after saying that it had bought a 51

per cent stake in Danutec Werkstoff of Austria. HELSINKI rose in heavy volume after a number of large block trades. The Units allshare index rose 7.4, or 1.2 per

STOCKHOLM saw the profit-takers keep up the pressure, aithough bargain-hunters managed to trim the market's early losses. The Affarsvärlden General index easiff's. I to 1,211.5 in a fairly lively session, with turnover of Ekristen, up from Monday's Skriften.

Ericsson, the telecommunications group, rose on news that its US subsidiary had won an order from US West, the regional telephone company. Ericsson's free B shares advanced SKri5 to SKr856.

COPENHAGEN was in quist mood, easing slightly after the US decline on Monday. Denisco, which reports interim results today, lost DKr27.70 to DKr922.30.

Baltica Holding, the financial issue, withstood the down-ward pressure, adding DKr5 to DKr815 after Monday's news that it had a 5 per cent stake in Groupe Victoire of France. BRUSSELS was mixed in trading that was curtailed by one hour by difficulties with CATS, the computer trading system. The cash market index

fell 36.21 to 6,363.06, as high

interest rates continued to overhang the market. MADRID eased in response to the overnight fall on Wall Street. The general index lost ous night's retreat in the US made up only FM9.3m.

Wall Street

CONTINUED selling of finan-cial stocks and profit-taking on overpriced consumer non-cycli-cals pushed the Dow Jones

estate market.

terday, although Mr Robert Clarke, Comptroller of the Cur-

Monday was the heaviest it has been since the dramatic recov-

0.4 per cent, a little more than markets had expected and the

The number of declines, at 753,

far outnumbered the 222
advances, while a further 159
issues were unchanged. Turnover rose to 966m shares from
the 860m traded on Monday.

The Topix index of all listed

stocks lost 32.21 to 2,852.59 and, in London trading, the ISE/Nikkei 50 index fell 0.38 to

Although there had been

some speculation about an

increase in the discount rate,

most people were taken by sur-prise by the talk, as there had

en few signs that a rise was

By the time the Minister of

Finance denied the rumours,

saying there was no need for an immediate increase in the

discount rate, the rumours had

already put a damper on the market and share prices

remained sluggish throughout

The weak performance on

Vienna toasts a prosperous 1989

close at 2144.00.

There was no sign of any shift in monetary policy yesterday. The Fed did not operate in the money market, with Fed Funds at 8½ per cent. The long bond was quoted a point lower at midsession.

gained \$% to \$31%.
However, the Bank of New
York fell \$1% to \$37%, NBD
Bancorp dropped \$% to \$30%
and First Wachovia lost \$% to \$38. Among money centre hanks, Citicorp was down \$% at \$26% and Chase Manhattan

Wall Street overnight added to

the negative mood.

A correction had been expec-

ted and yesterday's downturn

was seen more as a temporary

break than as a reverse in the

market's upward trend. This is

the first time in seven trading days that the Tokyo market has finished lower. "It was

basically profit-taking," said Mr Tetsuo Fukami of Shearson

on the market

Nikkei trims losses as rate fears resurface strong recently were substan-tially lower. These included real estates, such as Mitsui

Real Estate and Mitsubishi

Estate, which each fell Y100, to

Y3.160 and Y2,600 respectively. Financials also suffered. Industrial Bank of Japan dropped Y50 to Y6,250 and Sumitomo Bank retreated Y50 to Y3,700. Interest was focused on specific situations. Bridgestone

Lehman Hutton Asia. The Nikkei's drop of 147 lost Y30 to Y1,920 after an points was not an accurate reflection of the market's steep announcement from the com-pany that its consolidated decline, as index-buying in arbitrage with the futures had supported the index, he added. earnings would drop 62 per cent in the current year, mainly because of the high Index-buying pushes up the prices of smaller capitalisation issues that constitute the index costs of integrating Firestone Rubber, acquired in March 1988, for \$2.6bn. which rise easily due to the small number of their shares

Resources were higher in active trading. Eight of the top 10 most actively traded issues were in this category. Nippon not suffer a big loss, specific issues in areas that have been Mining led with a volume of

**SOUTH AFRICA** 

GOLD SHARES traded quietly in Johannesburg, reflecting a thin market and pressure from a firmer financial rand. Ofsil lost R4 to R128 and Randfontein shed R1.25 to R33.

This announcement appears as a matter of record only.

October 1989

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#### Judy Dempsey finds that the Austrian economy is in good spirits revise them upwards to 30 per approaches, the books are just about closed in Vienna. The bourse's trading hall is quiet. The traders deserve a Sacher torte, with a

helping of Schlagobers, as they look back at the market's suc-cessful year and consider the prospects for 1990. In 1989, the Vienna index has

with a 17 per cent increase last year, closing at 477.43 yester-It reached an all-time high of 543.97 on October 10, and it survived October's mini-crash in Wall Street fairly well, falling only 35.09 points, or 6.7 per cent. There are several reasons

for the continuing growth of the Vienna exchange. One is the economy: gross domestic product grew 4.5 per cent in the first half of the year, with the full-year figure unemployment is now less

than 4 per cent. However, following a round of wage negotiations, inflation has been revised upwards from 0.7 per cent to 2.7 per cent, and could reach 3 per cent during

The strong economy has been reflected in the con-stantly increased earnings expectations of Austria's com-Early this year, the Viennabased Girozentrale Bank had

expected earnings to rise by 10 per cent. "We soon had to

The World Index (2397)... 157.90

cent," says Mr Peter Zelnik, an analyst at GZ. Companies such as Laakir-

Companies such as Laskir-chen, the paper group, OeMV, the partially-privatised oil and chemicals group, Montans, the financial services and engi-neering group, and Constantia, the industrial group, have proved a great attraction to funder investors

Second, political stability and continuing economic growth have brought foreign ivestors back to Austria. Its decision in June to apply for full membership of the European Community, plus its geographical location between

East and West, have helped to heighten its profile.
This was underlined last September by the launch in New York of the Austria Fund by the US investment firm,

Alliance Capital Then there is the structure of the Vienna bourse, which has seen a minor revolution.

rom December 1, following the introduction of a new stock exchange law, the bourse is no longer under the authority of the Ministry of Finance. Whereas the bourse used only to make recommendations, it is now free to decide which shares can be listed on the exchange. A legal frame-work has also been established to set up an options and "All in all, the exchange now

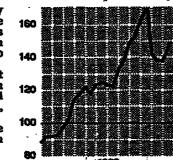
conforms to the EC stock exchange regulations," explains Mr Wolfgang Feucht-miller, chief markets analyst at Landerbank. Another reason for Vienna's

While the Nikkei itself did

continued good performance is that there is much more liquidity around. Total turnover for 1989 will

exceed Sch90bn, (£4.63bn) a

FT-A World index (in local terms)



1989 year's Sch23hn, thanks to the Government's privatisation policies and the gradual growth of risk-taking in a country that for years has

fought shy of shares.

Finally, there is the Gorbachev factor. The opening up of the economies of eastern Europe to the West is expected to be one of the more exciting challenges facing Viennese

Last week, Girozentrale, heading an international con-sortium, bought 40 per cent of Ibusz, Hungary's successful travel agency.
Once the company's account-

ing is brought into line with international standards, Ibusz will be listed on the Vlenna stock exchange, possibly as early as next year, thus becom-ing the first East European company to attain such a sta

But Mr Zelnik, among oth ers, in spite of being excited about the possibilities, strikes a note of caution.

"There is really nothing in which to invest at the moment in eastern Europe," he says. "There are many investors looking to invest. But as you can see from the First Hungary Fund – launched in October – the investors have as yet nothing to put their money in." Austria is seen as a bridge between East and West: the country's banks, attuned to the culture of central Europe, could provide an entry for for eign investors into eastern

Rurope.
Last May, for example, Girozentrale bought 49 per cent of Tungsram, the giant Hungarian light and bulb company, and half of those shares were recently sold on to General Electric.

Maybe this time next year Austrian traders will be imbib ing Hungarian Tokaj brandy with their Sacher torte.

## **GEC Siemens plc**

has acquired

## The Plessey Company plc

The undersigned acted as financial advisor to Siemens and as joint advisor to GEC Siemens plc



#### NATIONAL AND REGIONAL MARKET Day's Change % Dollar Index per grouping 136.77 154.72 138.79 160.41 172.22 150.39 154.17 128.28 92.84 125.59 147.88 187.28 187.28 150.09 151.14 238.44 149.32 1712.20 120.74 1715.88 95.65 197.78 122.68 174.71 186.44 162.94 182.45 90.89 153.77 125.60 149.433 127.01 215.68 112.05 112.05 138.13 100.71 121.03 162.05 180.16 229.75 906.71 123.18 64.13 174.42 183.81 174.42 183.81 183.83 185.63 187.63 189.42 183.81 18 124.68 150.159 127.90 216.79 112.35 130.81 100.46 120.85 178.50 288.20 88.81 174.50 185.28 187.36 187.36 187.36 187.36 141.45 141.15 96.41 132.54 122.16 153.51 130.94 109.13 87.12 108.07 131.20 83.98 185.74 141.64 161.95 112.38 Australia (85)... Austria (19).... Belgium (63)... Canada (122)... 139.79 216.68 120.82 136.10 103.77 111.67 163.32 124.67 165.35 118.53 112.53 79.56 86.41 125.00 74.97 164.32 143.32 110.83 62.64 139.92 124.57 115.35 143.45 67.81 138.45 67.81 138.45 67.81 112.13 152.20 140.64 236.99 130.89 150.09 112.19 237.08 159.16 159.80 112.97 140.33 1796.73 200.11 221.07 325.61 139.47 88.18 196.39 176.24 188.04 189.04 18 120.56 178.12 96.14 197.07 219.57 302.64 138.88 71.09 193.29 186.60 162.32 185.20 92.06 153.08 141.75 88.47 182.93 2.49 0.45 2.31 0.57 4.32 5.55 1.57 1.96 3.57 3.82 2.02 4.37 3.36 204.46 287.54 128.11 66.39 178.19 161.58 172.44 150.70 168.74 84.06 142.20 128.71 65.06 133.37 120.18 115.96 148.97 143.65 76.29 134.32 113.42 Norway (24). 126.08 166.94 178.38 157.57 129.28 115.17 123.97 157.18 146.44 146.88 128.48 136.58 181.96 194.72 170.37 146.86 124.94 140.05 169.94 159.46 156.84 140.89 136.32 180.50 192.87 170.37 139.78 124.52 124,36 160,13 174,97 154,73 140,88 113,94 119,14 154,11 150,76 149,80 134,57 112.63 137.95 160.44 141.56 +0.0 +0.4 +0.2 -1.8 -0.3 +0.5 +0.5 -0.4 -1.0 3.38 1.79 0.69 1.56 3.36 2.72 4.82 1.63 1.95 2.15 3.42 192.15 169.95

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